



COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

COUNCIL MEMBERS

Dennis Kennedy, Mayor
Steve Tate, Mayor Pro Tempore
Larry Carr, Council Member
Mark Grzan, Council Member
Greg Sellers, Council Member

REDEVELOPMENT AGENCY

Dennis Kennedy, Chair
Steve Tate, Vice-Chair
Larry Carr, Agency Member
Mark Grzan, Agency Member
Greg Sellers, Agency Member

WEDNESDAY, SEPTEMBER 21, 2005

AGENDA

JOINT MEETING

CITY COUNCIL SPECIAL AND REGULAR MEETING

and

REDEVELOPMENT AGENCY SPECIAL MEETING

6:00 P.M.

A Special Meeting of the City Council and Redevelopment Agency is Called at 6:00 P.M. for the Purpose of Conducting Closed Sessions.

Dennis Kennedy, Mayor/Chairman

CALL TO ORDER

(Mayor/Chairperson Kennedy)

ROLL CALL ATTENDANCE

(City Clerk/Agency Secretary Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(City Clerk/Agency Secretary Torrez)

6:00 P.M.

City Council Action and Redevelopment Agency Action

CLOSED SESSION:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 3

2.

PUBLIC EMPLOYEE APPOINTMENT

Authority: Government Code 54957
Consideration of Appointment: City Attorney
Attendees: City Manager, Interim City Attorney, Bob Murray

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATION

Constitution Week
Nathalie Averett

PRESENTATION

City of Morgan Hill Employee Contributions to American Red Cross for Hurricane Katrina Relief
Human Resources Director Mary Kaye Fisher

CITY COUNCIL REPORT

Mayor Kennedy

CITY COUNCIL SUB-COMMITTEE REPORTS

CITY MANAGER'S REPORT

CITY ATTORNEY'S REPORT

OTHER REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.

(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**

(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

City Council Action

CONSENT CALENDAR:

ITEMS The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

Time Estimate

Page

Consent Calendar: 1 - 10 Minutes

1. **AUGUST 2005 FINANCE AND INVESTMENT REPORT - CITY**8
Recommended Action(s): **Accept** and **File** Report.
2. **COMMITMENT TO ANNEX UNINCORPORATED ISLANDS LOCATED WITHIN THE URBAN SERVICE AREA**32
Recommended Action(s):
 1. **Direct** Staff to Prepare Initiation of Two Additional Island Annexations under the Provision of Government Code Section 56375.3 (#16 and #17 on maps);
 2. **Request** that the County Provide the Necessary Mapping, Legal Descriptions, and Surveyor's Reports for the Amended List of Islands Identified in the Amended Chart; and
 3. **Authorize** Staff, on Behalf of the City Council, to Request Minor Adjustments to the Urban Service Area Boundary and/or Sizes of Identified Islands, as Necessary, to Accommodate Annexation of the Islands in a Manner that is Consistent with the LAFCO Regulations and Policies Regarding Annexation of Streets Adjacent to City Lands and Avoidance of Split Lines of Assessment.
3. **UPDATE OF DESIRABLE INFILL STANDARDS**33
Recommended Action(s): **Approve** Changes to City Council Policy CP 94-02, Establishing Desirable Infill Standards to Comply with Changes Under Measure C and Section 18.78.070 of the Municipal Code.
4. **STATUS OF DISCUSSIONS WITH THE NON-PROFIT SPORT GROUPS REGARDING OPERATIONS AND MAINTENANCE OF THE OUTDOOR SPORTS COMPLEX**38
Recommended Action(s): **Receive** Status Report.

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
5.	<u>ADOPTION OF SPEED LIMITS IN ACCORDANCE WITH THE NEW ENGINEERING AND TRAFFIC SURVEY</u>	39
	Recommended Action(s): Repeal Resolution No. 5421 and Adopt Resolution Dated September 21, 2005, Establishing Speed Limits on City Streets.	
6.	<u>ACCEPTANCE OF BUTTERFIELD BOULEVARD AND SAN PEDRO AVENUE SEWER TRUNK PROJECT</u>	44
	Recommended Action(s):	
	1. Accept as Complete the Butterfield Boulevard and San Pedro Avenue Sewer Trunk Project in the Final Amount of \$333,455; and	
	2. Direct the City Clerk to File a Notice of Completion with the County Recorder's Office.	
7.	<u>ACCEPTANCE OF PUBLIC IMPROVEMENTS FOR JASMINE SQUARE</u>	46
	Recommended Action(s):	
	1. Adopt Resolution Accepting the Public Improvements for the Project Commonly Known as Jasmine Square; and	
	2. Direct the City Clerk to File a Notice of Completion with the County Recorder's Office.	
8.	<u>AMEND REIMBURSEMENT AGREEMENT FOR UNDERGROUNDING OF OVERHEAD UTILITIES BY SHAW DEVELOPMENT (AKA: SHAW REAL ESTATE, INC.)</u>	49
	Recommended Action(s):	
	1. Appropriate \$9,898 from Unappropriated Underground Utility Fund Balance (350); and	
	2. Approve Amended Reimbursement Agreement, Thereby Approving Reimbursement of \$56,938 to Developer for Undergrounding Overhead Utilities Along the South Side of East Dunne Avenue West of Walnut Grove, Subject to Review and Approval by the City Attorney.	
9.	<u>INDOOR RECREATION CENTER PROJECT – AUGUST CONSTRUCTION PROGRESS REPORT</u>	50
	Recommended Action(s): Information only.	
10.	<u>APPROVE FIRST AMENDMENT TO THE SPORTS MANAGEMENT GROUP CONSULTANT AGREEMENT FOR INDOOR RECREATION CENTER</u>	51
	Recommended Action(s): Authorize the City Manager to Amend the Sports Management Group's Consultant Agreement for an Additional \$10,000 for Updating Operating and Revenue Analysis, Equipment Specification and Drawings and to Assist the Staff in FF&E Procurement; Subject to Review and Approval by the City Attorney.	
11.	<u>ADOPT ORDINANCE NO. 1737, NEW SERIES</u>	52
	Recommended Action(s): Waive the Reading, and Adopt Ordinance No. 1737, New Series, and Declare That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH AN R-2 3,500/RESIDENTIAL PLANNED DEVELOPMENT ON A 7.06 ACRE SITE LOCATED ON THE SOUTHWEST CORNER OF THE INTERSECTION OF BARRETT AVENUE AND SAN RAMON DRIVE (APN 817-33-003) .	

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
12.	<u>ADOPT ORDINANCE NO. 1738, NEW SERIES, AS AMENDED</u>56 Recommended Action(s): <u>Waive</u> the Reading, and <u>Adopt</u> Ordinance No. 1738, New Series, As Amended, and <u>Declare</u> That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT APPLICATION, DA-04-05 FOR APPLICATIONS MP-02-22 and MC-04-13: Barrett-Odishoo (APN 817-33-003).	
13.	<u>ANNEXATION APPLICATION, ANX-01-04: CLAYTON-MERLANO</u>59 Recommended Action(s): <u>Adopt</u> Resolution Approving Annexation, with Corrected Map and Legal Description.	
14.	<u>FISCAL YEAR 2004-2005 YEAR-END BUDGET AMENDMENTS</u>66 Recommended Action(s): <u>Increase</u> Fiscal Year 2005-2005 Budget Appropriations as Shown in Exhibit A.	
15.	<u>CARRYOVER OF ENCUMBRANCES FROM FISCAL YEAR 2004-2005</u>68 Recommended Action(s): <u>Receive</u> and <u>File</u> .	

Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
16.	<u>AUGUST 2005 FINANCE AND INVESTMENT REPORT - RDA</u>77 Recommended Action(s): <u>Accept</u> and <u>File</u> Report.	
17.	<u>LOAN TO SOUTH COUNTY HOUSING FOR VIA CIOLINO</u>78 Recommended Action(s): <u>Authorize</u> the Executive Director to do Everything Necessary and Appropriate to Negotiate, Execute and Implement, Subject to Review by Agency Counsel, a Loan Agreement With South County Housing in an Amount Not To Exceed \$50,000 for the Demolition of Commercial Structures at the Southwest Corner of Ciolino Avenue and Monterey Road	

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

ITEMS

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
18.	<u>APPROVE MINUTES OF SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING OF SEPTEMBER 7, 2005</u>79	

City Council Action (Continued)

CONSENT CALENDAR:

ITEMS

	Time Estimate		Page
	Consent Calendar: 1 - 10 Minutes		
19.		<u>APPROVAL OF PROGRAM SUPPLEMENT AGREEMENT NUMBER M007 FOR FEDERAL-AID PROJECT NUMBER 04-5152: PEDESTRIAN CROSSING IMPROVEMENT PROJECT</u>	103
		Recommended Action(s):	
		1. Approve the Program Supplemental Agreement with Caltrans for the Pedestrian Crossing Improvement Project; and	
		2. Adopt the Resolution Designating the City Manager as the City Official Authorized to Sign the Funding Agreement.	

City Council Action

PUBLIC HEARINGS:

	Time Estimate		Page
20.	5 Minutes	<u>ZONING AMENDMENT, ZA-05-06: CITY OF MORGAN HILL-MAST STREET PLANNING UNIT DEVELOPMENT (PUD) DISTRICT AMENDMENT</u>	109
		Public Hearing Opened.	
		Please Limit Your Remarks to 3 Minutes. Public Hearing Closed	
		Council Discussion.	
		Action- Motion to Waive the Reading in Full of Ordinance.	
		Action- Motion to Introduce Ordinance by Title Only. (Roll Call Vote)	

City Council Action

OTHER BUSINESS:

	Time Estimate		Page
21.	15 Minutes	<u>CITY OF MORGAN HILL EMERGENCY OPERATIONS PLAN</u>	113
		Recommended Action(s): Approve and Authorize Distribution and Use of the Morgan Hill 2005 Emergency Operations Plan.	
22.	10 Minutes	<u>WATER RATES</u>	123
		Recommended Action(s): City Council Take No Action Regarding Water Rates or Perchlorate Surcharges, thus Keeping the Adopted Series of Rate Adjustments.	
23.	15 Minutes	<u>FISCAL YEAR 2004-2005 GENERAL FUND YEAR-END ANALYSIS</u>	127
		Recommended Action(s): Receive and File .	

OTHER BUSINESS:

	Time Estimate		Page
24.	15 Minutes	<u>COMMUNITY ORIENTED POLICING SERVICES (COPS) UNIVERSAL HIRING PROGRAM GRANT</u>	135
		<u>Recommended Action(s):</u> <u>Consider</u> Whether to Accept a Federal Grant Which Would Provide \$150,000, or 16% of the Costs of Two Additional Police Officers Over the Next Four (4) Years.	
25.	5 Minutes	<u>CYSA LEASE EXTENSION AT OUTDOOR SPORTS COMPLEX</u>	143
		<u>Recommended Action(s):</u>	
		1. <u>Authorize</u> the City Manager to Extend the Lease Agreement with CYSA through December 2006; and	
		2. <u>Provide</u> Direction to Staff on the Lease Terms and on the Request from CYSA for Parking Lot and Drainage Improvements.	
26.	5 Minutes	<u>SANTA CLARA VALLEY HABITAT CONSERVATION PLAN/NATURAL COMMUNITY CONSERVATION PLAN (HCP/NCCP) REVISED NON-VOTING LOCAL PARTNER AGREEMENT, PLANNING AGREEMENT, AND APPOINTMENTS TO GOVERNING BODY LIAISON GROUP</u>	152
		<u>Recommended Action(s):</u>	
		1. <u>Authorize</u> the City Manager to Execute the Revised Non-Voting Local Partner Agreement, and Rescind the August 3 rd Authorization to Execute the Earlier Version of the Local Partner Agreement;	
		2. <u>Authorize</u> the City Manager to Execute the Planning Agreement; and	
		3. <u>Designate</u> up to Two Members of the City Council to Serve as Representative(s) on the Governing Body Liaison Group.	

City Council and Redevelopment Agency Action

OTHER BUSINESS:

	Time Estimate		Page
27.	10 Minutes	<u>MAYOR, COUNCIL MEMBER, AND REDEVELOPMENT AGENCY BOARD MEMBER COMPENSATION</u>	157
		<u>Recommended Action(s):</u> <u>Discuss</u> Compensation for Mayor, City Council Members and RDA Board Members.	

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

ADJOURNMENT



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

AUGUST 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended August 31, 2005. The report covers the first two months of activity for the 2005/2006 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

Agenda Item # 1

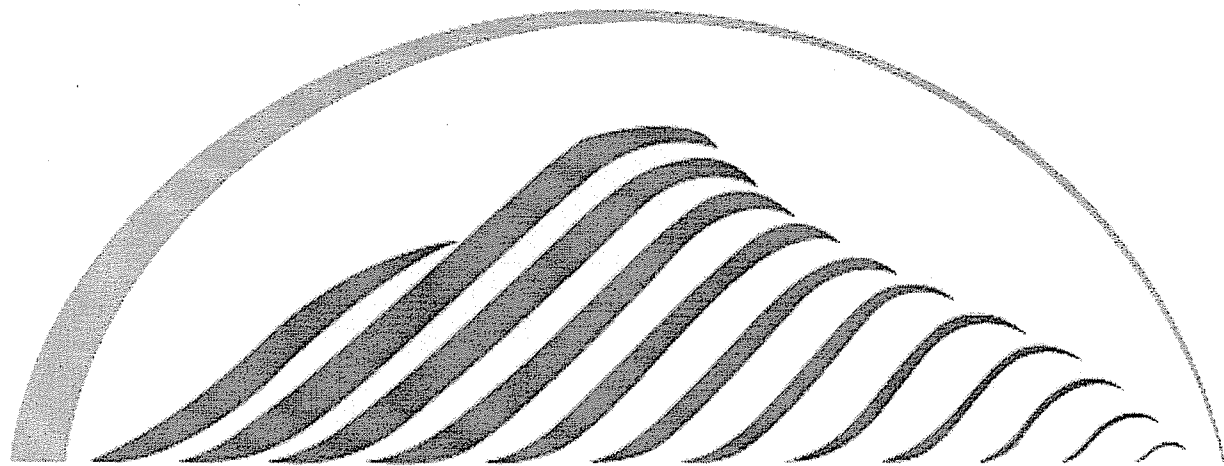
Prepared By:

Finance Director

Submitted By:

City Manager

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
August 31, 2005 – 17% Year Complete



CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF AUGUST 2005 - 17% OF YEAR COMPLETE

This analysis of the status of the City's financial situation reflects 17% of the year. However, this analysis is somewhat limited. Many of the City's current year revenues have not been received as of this time of the year, such as property taxes, transient occupancy taxes and franchise fees. The beginning of a fiscal year normally reflects a surge in purchasing. This is due to the start of projects included in the new budget and to the season to take advantage of good weather for construction projects.

- * **General Fund** - The revenues received in the General Fund were approximately 14% of the budgeted revenues. Only \$86,953 in property related taxes have been received by the City. The amount of Sales Tax collected was 11% of the sales tax revenue budget and was 16% less than the amount collected for the same period last year. This low percentage and drop in sales taxes compared to last year are the result of the timing of sales tax receipts. Unlike the beginning of last fiscal year, the City must wait, under the triple flip legislation, until late in the year to receive 25% of its sales tax revenues. Business license and other permit collections were 84% of the budgeted amount. Business license renewal fees were due in July; therefore the higher percentage of budget collected early in the year is normal. Motor Vehicle-in-Lieu revenues were \$614,345, or 325% of the budgeted amount. Of this total, \$592,115 represented motor vehicle in-lieu fees taken from Morgan Hill by the State in 2003/04, and owed back to the City, that, under the recent State budget, were paid to the City in 2005/06 rather than in 2006/07, as expected. Interest & Other Revenue were 14% of budget and do not reflect July and August interest earnings that will be posted in October as part of earnings for the quarter ending September.
- * The General Fund expenditures and encumbrances to date totaled 18% of the budgeted appropriations. The outstanding encumbrances in several activities were encumbrances for projects started but not completed in the prior year and carried forward to the current fiscal year. The higher balance expended in the City Attorney's budget related to legal contracts encumbered early in the fiscal year. The higher balance in the Recreation budget related to recreation contracts let in the beginning of the fiscal year and to seasonal aquatics program expenditures incurred in the summer.
- * **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first quarter ending September 30 have not yet been received and will be received by the City after the end of the quarter.
- * **Community Development** - Revenues were 20% of budget, which was 2% more than the amount collected in the like period for the prior year. Planning expenditures plus encumbrances were 19% of budget; Building has expended or encumbered 18% of budget and Engineering 32%. Community Development has expended or encumbered a combined total of 23% of the 2005/06 budget, including \$809,551 in encumbrances. If encumbrances were excluded, Community Development would have spent only 12% of the combined budget.
- * **RDA and Housing** - Only \$289,209 in property tax increment revenues have been received as of August 31, 2005. Expenditures plus encumbrances totaled 22% of budget. If encumbrances totaling \$4,995,602 were excluded, the RDA would have spent only 9% of the combined budget.
- * **Water and Sewer Operations**- Water Operations revenues, including service fees, were 26% of budget. Expenditures totaled 17% of appropriations. Sewer Operations revenues, including service fees, were 17% of budget. Expenditures for sewer operations were 31% of budget. This higher percentage results from a principal and interest payment on debt service paid in July.



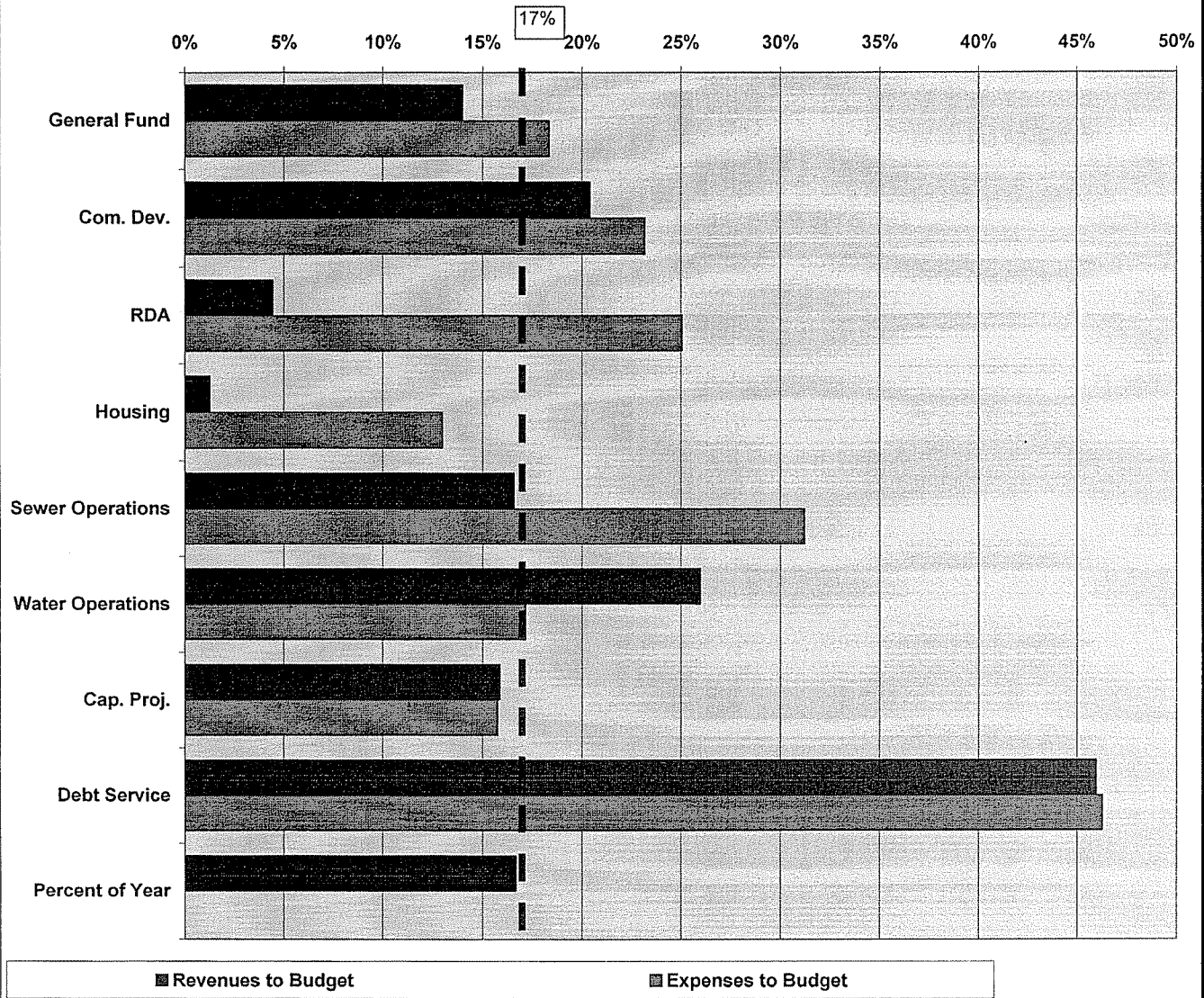
CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2003/04
FOR THE MONTH OF APRIL 2004 - 83% OF YEAR COMPLETE

- * **Investments maturing/called/sold during this period.** – During the month of August, the City invested \$4 million in federal agency securities. Further details of investments are included on pages 6-8 of this report.



Morgan Hill YTD Revenue & Expense Summary

August 31, 2005 – 17% Year Complete



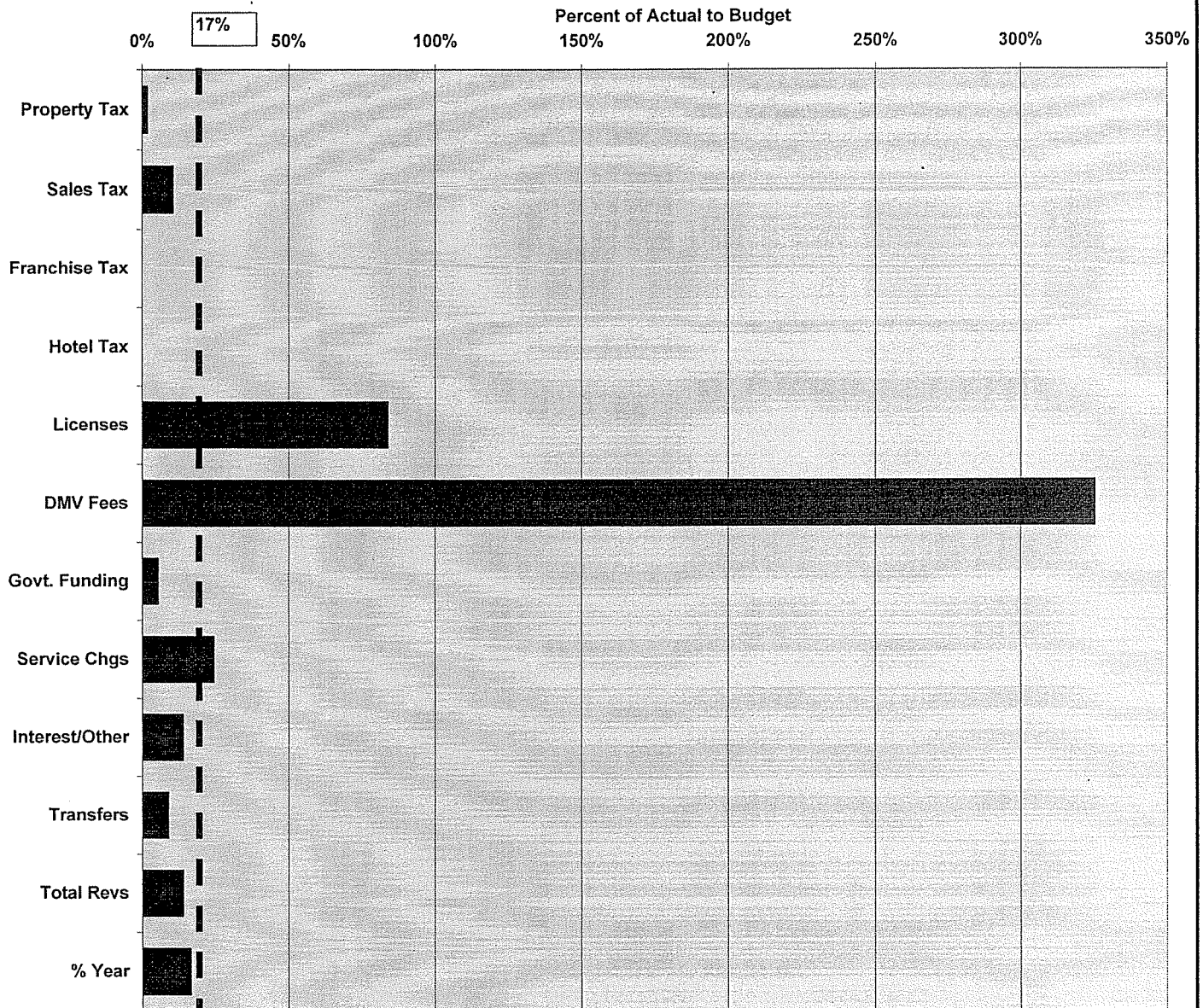
FUND NAME	REVENUES		EXPENSES		08/31/2005 UNRESTRICTED FUND BALANCE
	ACTUAL	% OF BUDGET	ACTUAL plus ENCUMBRANCES	% OF BUDGET	
General Fund	\$2,621,083	14%	\$3,673,816	18%	\$8,136,901
Community Development	616,869	20%	809,551	23%	2,156,589
RDA	886,228	4%	7,084,876	25%	4,860,785
Housing/CDBG	62,045	1%	1,598,781	13%	4,641,648
Sewer Operations	983,638	17%	2,117,687	31%	1,785,465
Sewer Other	401,985	17%	1,300,276	41%	12,304,666
Water Operations	1,986,743	26%	1,458,104	17%	4,574,596
Water Other	58,008	4%	2,005,647	32%	1,239,868
Other Special Revenues ¹	82,032	7%	374,978	15%	3,426,982
Capital Projects & Streets Funds	1,579,172	16%	2,263,124	16%	26,318,585
Debt Service Funds	334,095	46%	330,749	46%	867,100
Internal Service	822,744	15%	1,174,378	25%	4,908,137
Agency	5,325	0%	834,839	42%	3,390,669
TOTAL FOR ALL FUNDS	\$10,439,967	13%	\$25,026,806	23%	\$78,611,990

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



Morgan Hill YTD General Fund Revenues

August 31, 2005 – 17% Year Complete

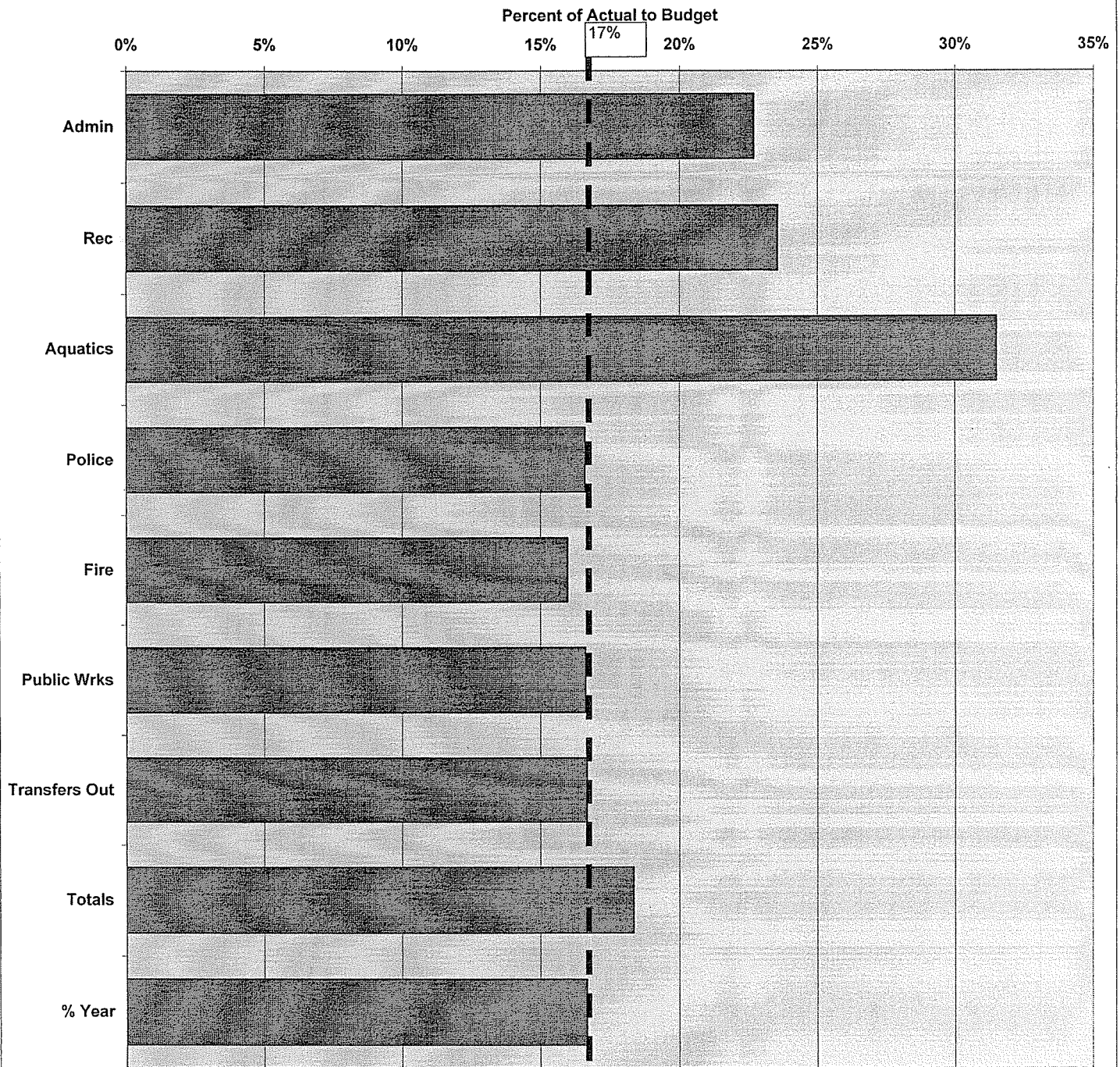


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY RELATED TAXES	\$4,911,595	\$86,953	2%	\$42,366	
SALES TAXES	\$5,724,600	\$610,579	11%	\$730,648	-16%
FRANCHISE FEE	\$1,030,700				
HOTEL TAX	\$974,560				
LICENSES/PERMITS	\$161,680	\$135,705	84%	\$201,870	-33%
MOTOR VEHICLE IN LIEU	\$188,776	\$614,345	325%	\$208,194	195%
FUNDING - OTHER GOVERNMENTS	\$246,400	\$13,270	5%	\$387	
CHARGES CURRENT SERVICES	\$3,890,825	\$958,875	25%	\$952,414	1%
INTEREST & OTHER REVENUE	\$1,151,300	\$161,156	14%	\$120,677	34%
TRANSFERS IN	\$451,865	\$40,200	9%	\$46,350	-13%
TOTALS	\$18,732,301	\$2,621,083	14%	\$2,302,906	14%



Morgan Hill YTD General Fund Expenditures

August 31, 2005 – 17% Year Complete



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
ADMINISTRATION	3,107,198	586,440	23%
RECREATION/CCC	1,676,751	374,878	24%
AQUATICS	1,403,838	442,076	31%
POLICE	8,758,066	1,453,466	17%
FIRE	4,377,495	699,191	16%
PUBLIC WORKS	698,893	116,098	17%
TRANSFERS OUT	10,000	1,667	17%
TOTALS	\$ 20,032,241	\$ 3,673,816	18%



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		% of Budget	Expenses		% of Budget	Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual			YTD Actual				Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$9,189,634	\$2,621,083		14%	\$3,323,351		17%	(\$702,268)	\$350,465	\$8,136,901	\$8,178,868	\$6,312
TOTAL GENERAL FUND		\$9,189,634	\$2,621,083		14%	\$3,323,351		17%	(\$702,268)	\$350,465	\$8,136,901	\$8,178,868	\$6,312
202	STREET MAINTENANCE	\$1,202,084	\$221,500		5%	\$260,316		5%	(\$38,816)	\$530,799	\$632,469	\$1,312,085	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$255,887			n/a	\$29,253		17%	(\$29,253)		\$226,634	\$226,634	
206	COMMUNITY DEVELOPMENT	\$2,349,271	\$616,869		20%	\$433,215		12%	\$183,654	\$376,336	\$2,156,589	\$2,590,429	
207	GENERAL PLAN UPDATE	\$304,737	\$28,924		20%	\$8,811		6%	\$20,113	\$83,996	\$240,854	\$334,740	
210	COMMUNITY CENTER	\$153,032			n/a			n/a			\$153,032	\$303,032	
215 / 216	CDBG	48,703	\$26		0%	\$3,639		1%	(\$3,613)	631,122	(\$586,032)	\$148,178	
225	ASSET SEIZURE	\$8,879			n/a			n/a			\$8,879	\$8,879	
229	LIGHTING AND LANDSCAPE	(\$4,425)			n/a	\$16,797		14%	(\$16,797)	\$67,835	(\$89,057)	(\$20,697)	
232	ENVIRONMENTAL PROGRAMS	\$777,124	\$18,842		4%	\$30,020		7%	(\$11,178)	\$80,529	\$685,417	\$769,967	
234	MOBILE HOME PK RENT STAB.	\$167,033			n/a	\$37		1%	(\$37)		\$166,996	\$166,879	
235	SENIOR HOUSING	\$250,165			n/a						\$250,165	\$249,947	
236	HOUSING MITIGATION	\$1,141,855	\$30,000		21%	-			\$30,000	50,000	\$1,121,855	\$2,363,071	
240	EMPLOYEE ASSISTANCE	\$75,792	\$4,266		10%	3,200		6%	\$1,066		\$76,858	\$75,865	
247	ENVIRONMENT REMEDIATION	\$585,349	-		n/a						\$585,349	\$585,349	
TOTAL SPECIAL REVENUE FUNDS		\$7,315,486	\$920,427		10%	\$785,288		7%	\$135,139	\$1,820,617	\$5,630,008	\$9,114,357	
301	PARK DEV. IMPACT FUND	\$4,718,749	\$120,787		15%	\$83,794		4%	\$36,993	\$37,717	\$4,718,025		\$4,631,761
302	PARK MAINTENANCE	\$3,546,287	\$131,725		32%	\$1,667		1%	\$130,058	\$312	\$3,676,033	\$3,675,438	
303	LOCAL DRAINAGE	\$3,792,298	\$138,138		11%	\$256		0%	\$137,882		\$3,930,180		\$3,930,180
304	LOCAL DRAINAGE/NON-AB1600	\$3,449,776	\$60,000		17%	\$20,343		2%	\$39,657	\$10,500	\$3,478,933	\$3,389,433	
306	OPEN SPACE	\$1,247,898	\$79,522		47%	-			\$79,522	\$10,000	\$1,317,420	\$1,328,329	
309	TRAFFIC IMPACT FUND	\$3,552,760	\$491,408		44%	\$35,522		3%	\$455,886	\$724,583	\$3,284,063		\$3,994,169
311	POLICE IMPACT FUND	\$176,826	\$8,607		8%	\$172,158		69%	(\$163,551)	\$10,000	\$3,275		\$13,276
313	FIRE IMPACT FUND	\$2,511,650	\$12,858		7%	\$230		0%	\$12,628		\$2,524,278		\$2,524,279
317	REDEVELOPMENT AGENCY	\$1,130,482	\$886,228		4%	\$2,152,635		8%	(\$1,266,407)	5,003,290	\$4,860,785	\$9,828,318	
327 / 328	HOUSING	6,614,299	\$62,019		1%	\$1,385,277		14%	(\$1,323,258)	63,361	\$5,227,680	\$5,575,245	
340/342	MORGAN HILL BUS.RANCH I & II	24,363			n/a	-				-	\$24,363	\$24,365	
346	PUBLIC FACILITIES NON-AB1600	\$684,597	\$281,383		123%	(140,427)			\$421,810	\$432,083	\$674,324	\$994,842	\$111,564
347	PUBLIC FACILITIES IMPACT FUND	434,965	\$15,008		19%	\$227		17%	\$14,781	-	\$449,746		\$518,660
348	LIBRARY IMPACT FUND	\$574,097	\$8,096		7%	\$34		17%	\$8,062		\$582,159		\$582,159
350	UNDERGROUNDING	1,012,766	76		0%	\$690		0%	(\$614)	82,320	\$929,832	\$1,019,729	
360	COMM/REC CTR IMPACT FUND	\$83,421	10,064		0%			0%	\$10,064		\$93,485	\$93,485	
TOTAL CAPITAL PROJECT FUNDS		\$43,555,234	\$2,305,919		8%	\$3,712,406		8%	(\$1,406,487)	\$6,374,166	\$35,774,581	\$25,929,184	\$16,306,047
441	POLICE FACILITY BOND DEBT	\$456,528	\$34,095		n/a	\$28,157			\$5,938		\$462,466		\$462,313
545	COCHRANE BUSINESS PARK	\$372,563	-		n/a	1,311		4%	(\$1,311)		\$371,252	\$190,302	\$180,950
551	JOLEEN WAY	\$34,663			n/a	\$1,281		4%	(\$1,281)		\$33,382	\$16,132	\$17,250
TOTAL DEBT SERVICE FUNDS		\$863,754	\$334,095		46%	\$330,749		45%	\$3,346	\$867,100	\$206,434	\$660,512	

City of Morgan Hill
Fund Activity Summary - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed



Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$14,947,127	\$983,638	17%	\$2,057,157	30%	(\$1,073,519)	\$12,088,143	\$1,785,465	\$1,348,053	\$1,849,400
641	SEWER IMPACT FUND	10,747,608	\$401,985	21%	\$335,087	12%	\$66,898	4,452,711	\$6,361,795		\$6,868,470
642	SEWER RATE STABILIZATION	\$4,565,122		n/a	\$352	17%	(\$352)		\$4,564,770	\$4,564,770	
643	SEWER-CAPITAL PROJECTS	9,009,530		n/a	\$74,195	21%	(\$74,195)	7,557,234	\$1,378,101	\$1,861,616	
650	WATER OPERATIONS	\$24,208,866	\$1,986,743	28%	\$907,033	11%	\$1,079,710	\$20,713,980	\$4,574,596	\$3,940,032	\$414,856
651	WATER IMPACT FUND	8,251,805	\$46,319	8%	\$62,882	4%	(\$16,563)	9,031,396	(\$796,155)		\$4,006,434
652	WATER RATE STABILIZATION	\$26,843	\$11,667	2%	\$82	17%	\$11,585		\$38,428	\$38,428	
653	WATER -CAPITAL PROJECT	9,655,263	\$22	0%	\$153,280	17%	(\$153,258)	7,504,412	\$1,997,595	\$3,317,353	\$206,180
TOTAL ENTERPRISE FUNDS		\$81,412,164	\$3,430,374	20%	\$3,590,068	17%	(\$159,694)	\$61,347,877	\$19,904,594	\$15,070,251	\$13,345,339
730	DATA PROCESSING	302,984	\$42,367	17%	\$26,826	11%	\$15,541	264,412	\$54,113	\$286,074	
740	BUILDING MAINTENANCE	1,036,378	\$277,746	17%	\$161,287	12%	\$116,459	20,025	\$1,132,812	\$1,190,726	
745	CIP ADMINISTRATION	27,335	\$163,804	12%	\$177,709	13%	(\$13,905)	72,816	(\$59,386)	\$77,920	
760	UNEMPLOYMENT INS.	\$44,600		n/a					\$44,600	\$44,600	
770	WORKER'S COMP.	105,474	\$164,111	18%	\$158,516	21%	\$5,595	-	\$111,069	\$825,577	\$40,000
790	EQUIPMENT REPLACEMENT	3,551,651	\$70,548	13%	\$560	0%	\$69,988	560,177	\$3,061,462	\$3,078,238	
793	CORPORATION YARD	224,389		n/a	\$9,730	na	(\$9,730)	231,413	(\$16,754)	(\$21,182)	
795	GEN'L LIABILITY INS.	\$768,618	\$104,168	21%	\$292,565	61%	(\$188,397)		\$580,221	\$643,297	
TOTAL INTERNAL SERVICE FUNDS		\$6,061,429	\$822,744	15%	\$827,193	17%	(\$4,449)		\$4,908,137	\$6,125,251	\$40,000
820	SPECIAL DEPOSITS									\$1,166,818	
843	M.H. BUS. RANCH 1998	\$1,548,268	\$1,737	n/a	\$7,008	1%	(\$5,271)		\$1,542,997	\$651,087	\$891,909
844	MH RANCH RSMNT 2004A	\$1,050,927	\$906		\$527,500	89%	(\$526,594)		\$524,333	\$118,505	\$405,914
845	MADRONE BP-TAX EXEMPT	\$1,050,318	\$1,431		\$256,895	58%	(\$255,464)		\$794,854	(\$19,474)	\$814,329
846	MADRONE BP-TAXABLE	\$79,077	\$1,251	0%	\$42,315	49%	(\$41,064)		\$38,012	\$24,086	\$13,928
848	TENNANT AVE.BUS.PK A.D.	\$469,607		n/a	\$1,121	na	(\$1,121)		\$468,486	\$468,486	
881	POLICE DONATION TRUST FUND	\$21,987		n/a					\$21,987		\$21,986
TOTAL AGENCY FUNDS		\$4,220,184	\$5,325	0%	\$834,839	42%	(\$829,514)		\$3,390,669	\$2,409,508	\$2,148,066
SUMMARY BY FUND TYPE											
GENERAL FUND GROUP		\$9,189,634	\$2,621,083	14%	\$3,323,351	17%	(\$702,268)	\$350,465	\$8,136,901	\$8,178,868	\$6,312
SPECIAL REVENUE GROUP		\$7,315,486	\$920,427	10%	\$785,288	7%	\$135,139	\$1,820,617	\$5,630,008	\$9,114,357	
DEBT SERVICE GROUP		\$863,754	\$334,095	46%	\$330,749	46%	\$3,346		\$867,100	\$206,434	\$660,512
CAPITAL PROJECTS GROUP		\$43,555,234	\$2,305,919	8%	\$3,712,406	8%	(\$1,406,487)	\$6,374,166	\$35,774,581	\$25,929,184	\$16,306,047
ENTERPRISE GROUP		\$81,412,164	\$3,430,374	20%	\$3,590,068	17%	(\$159,694)	\$61,347,877	\$19,904,594	\$15,070,251	\$13,345,340
INTERNAL SERVICE GROUP		\$6,051,429	\$822,744	15%	\$827,193	17%	(\$4,449)		\$4,908,137	\$6,125,251	\$40,000
AGENCY GROUP		\$4,220,184	\$5,325	0%	\$834,839	42%	(\$829,514)		\$3,390,669	\$2,409,508	\$2,148,066
TOTAL ALL GROUPS		\$152,617,885	\$10,439,967	13%	\$13,403,894	12%	(\$2,963,927)	\$69,893,125	\$78,611,990	\$67,033,855	\$32,506,278
TOTAL CASH AND INVESTMENTS										\$99,540,132	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.
¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.
² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



**CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF AUGUST 2005
FOR THE FISCAL YEAR OF 2005-06**

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	3.83%	\$18,760,411		18.84%	\$18,718,154 *
- RDA	RDA	3.83%	\$5,622,209		5.65%	\$5,609,546 *
- Corp Yard	Corp Yard	3.83%	\$53,563		0.05%	\$53,442 *
Federal Issues	All Funds Pooled	3.20%	\$60,246,173		60.52%	\$59,403,488
SVNB CD	All Funds Pooled	3.60%	\$2,000,000		2.01%	\$2,000,000
Money Market	All Funds Pooled	3.00%	\$58,764	\$86,741,120	0.06%	\$58,764
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,805,734			
Blackrock Provident Temp Fund		2.44%	\$43,664		1.86%	\$3,256,981 *
US Bank - 1999 Water C.O.P.						
FHLMC	Water	4.10%	\$414,856		0.42%	\$414,856 *
BNY - MH Water Revenue Bonds						
Blackrock Liquidity Temp Fund	Water	1.38%	\$4,722,410		4.74%	\$4,724,325 *
BNY - MH Police Facility Lease Revenue Bonds						
JP Morgan Treasury Plus	Debt Service	2.22%	\$111,567		0.58%	\$111,567 *
FNMA	Public Facility	4.36%	\$462,310			\$463,355 *
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	2.62%	\$891,909		0.90%	\$891,909 *
BNY - Madrone Bus Park Tax Exempt	Madrone Bus Park					
Blackrock Liquidity Temp Fund #20	Agency Fund	2.40%	\$815,137		0.82%	\$815,137 *
BNY - Madrone Bus Park Taxable	Madrone Bus Park					
Blackrock Liquidity Temp Fund #20	Agency Fund	2.40%	\$15,691		0.02%	\$15,691 *
BNY - MH Ranch 2004 A	MH Ranch Bus Park					
Blackrock Provident Temp Fund	Agency Fund	2.44%	\$405,914	\$9,689,192	0.41%	\$405,914 *
Other Accounts/Deposits						
General Checking	All Funds		\$1,500,000		1.51%	\$1,500,000
Dreyfuss Treas Cash Management Account	All Funds		\$1,419,026		1.43%	\$1,419,026
Heritage Bank - Cash in Escrow Account	Streets/Pub Fac	0.90%	\$144,482		0.15%	\$144,482 *
Athens Administrators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds		\$6,312	\$3,109,820	0.01%	\$6,312
Total Cash and Investments			\$99,540,132	\$99,540,132	100.00%	\$100,052,949
MH Financing Authority Investment in						
MH Ranch AD Imprvmt Bond Series 2004		1.75% to 4.50%	<u>\$4,795,000</u>			<u>Unavailable</u>
MH Madrone Bus Park Bond Series A		5.82%	<u>\$8,620,000</u>			<u>Unavailable</u>
MH Madrone Bus Park Bond Series B		7.07%	<u>\$1,110,000</u>			<u>Unavailable</u>

**CASH ACTIVITY SUMMARY
FY 05/06**

Fund Type	07/01/05 Balance	Change in Cash Balance	08/31/05 Balance	Restricted	Unrestricted
General Fund	\$10,515,629	(\$2,330,449)	\$8,185,180	\$6,312	\$8,178,868
Community Development	\$2,470,199	\$120,230	\$2,590,429	\$0	\$2,590,429
RDA (except Housing)	\$12,035,427	(\$2,207,109)	\$9,828,318	\$0	\$9,828,318
Housing / CDBG	\$7,053,763	(\$1,330,340)	\$5,723,423	\$0	\$5,723,423
Water - Operations	\$4,042,987	\$311,901	\$4,354,888	\$414,856	\$3,940,032
Water Other	\$7,876,280	(\$307,884)	\$7,568,396	\$4,212,614	\$3,355,782
Sewer - Operations	\$4,349,785	(\$1,152,332)	\$3,197,453	\$1,849,400	\$1,348,053
Sewer Other	\$13,686,062	(\$391,207)	\$13,294,855	\$6,868,470	\$6,426,385
Other Special Revenue	\$4,855,265	\$208,401	\$5,063,666	\$0	\$5,063,666
Streets and Capital Projects (except RDA)	\$27,310,297	\$833,456	\$28,143,753	\$16,306,047	\$11,837,706
Assessment Districts/Debt Service	\$862,661	\$4,285	\$866,946	\$660,512	\$206,434
Internal Service	\$6,453,236	(\$287,985)	\$6,165,251	\$40,000	\$6,125,251
Agency Funds	\$5,344,036	(\$786,462)	\$4,557,574	\$2,148,066	\$2,409,508
Total	\$106,855,627	(\$7,315,495)	\$99,540,132	\$32,506,277	\$67,033,855

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.
* Market value as of 07/31/05

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: _____
Lourdes Reroma
Accountant I

Approved by: _____
Jack Dilles
Director of Finance

Verified by: _____
Tina Reza
Assistant Director of Finance

Mike Roorda
City Treasurer



CITY OF MORGAN HILL **INVESTMENT PORTFOLIO DETAIL** **as of 08/31/05**

Federal Agency Issues
69.5%

Money Market
0.1%
SVNB CD
2.3%

LAIF*
28.2%

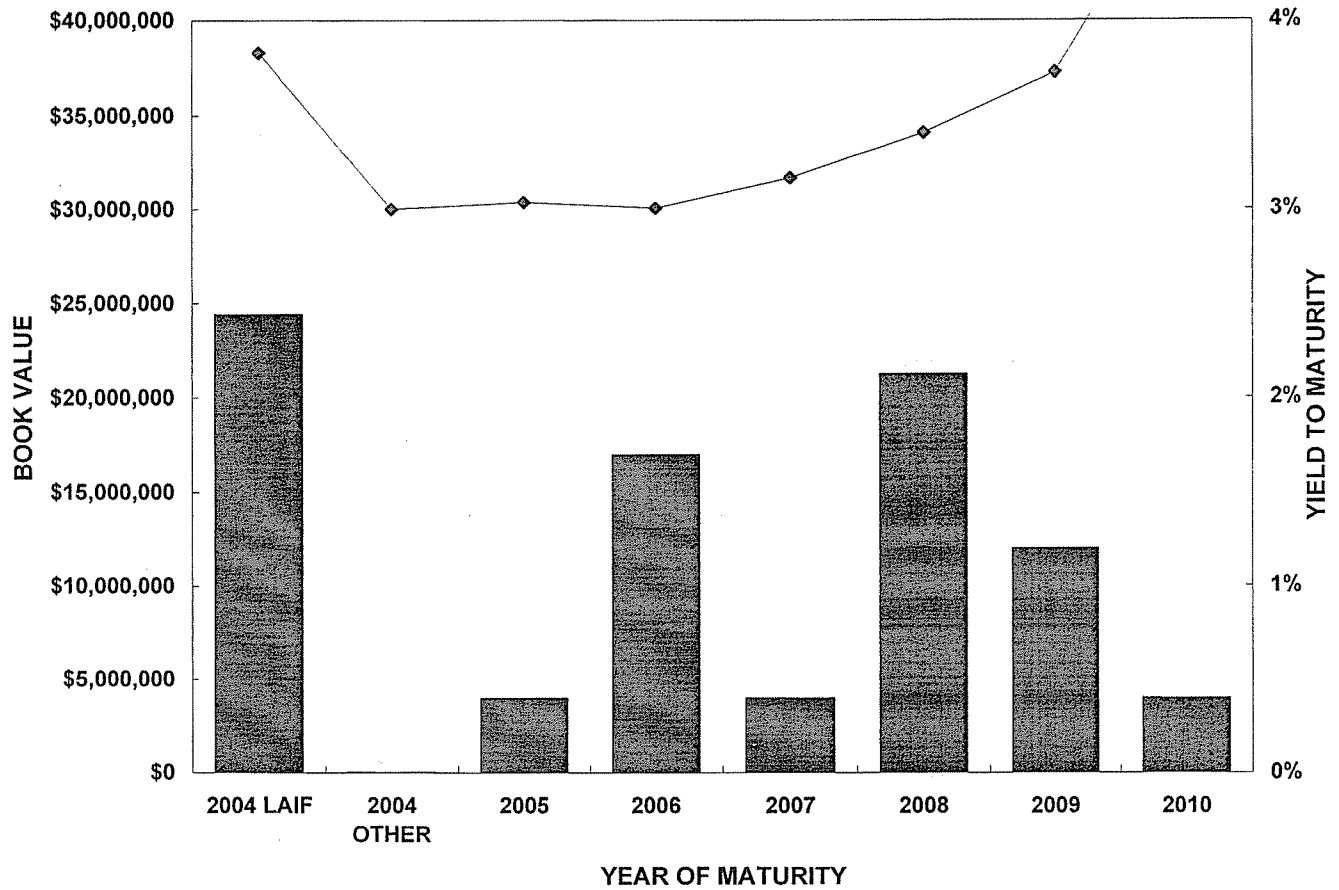
Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*		\$24,436,183	28.17%	\$24,381,142	3.830%	\$175,224			0.003
SVNB CD	07/07/05	\$2,000,000	2.31%	\$2,000,000	3.600%	\$11,200		07/06/07	1.847
Federal Agency Issues									
Fed Home Loan Bank	05/21/04	\$2,000,000	2.31%	\$1,994,380	2.474%	\$8,336	09/21/05	11/21/05	0.222
Fed Home Loan Bank	01/25/05	\$2,000,000	2.31%	\$1,994,380	3.000%	\$10,174	01/25/06	01/25/06	0.400
Fed Home Loan Mgt Corp	10/12/04	\$2,000,000	2.31%	\$1,985,540	2.700%	\$9,148	anytime	04/12/06	0.611
Fed Home Loan Bank	02/26/04	\$2,000,000	2.31%	\$1,980,000	2.563%	\$8,765	11/26/05	05/26/06	0.732
Fed Home Loan Bank	11/29/04	\$2,000,000	2.31%	\$1,983,120	3.076%	\$10,368	11/28/05	08/28/06	0.989
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.31%	\$1,982,580	3.070%	\$10,401	08/30/06	08/30/06	0.995
Fed Home Loan Bank	03/08/05	\$1,999,322	2.30%	\$1,990,000	3.470%	\$11,805	09/08/05	09/08/06	1.019
Fed Home Loan Bank	12/15/04	\$2,000,000	2.31%	\$1,985,000	3.250%	\$10,833	09/15/05	09/15/06	1.038
Fed Home Loan Bank	03/15/05	\$1,000,000	1.15%	\$995,000	3.500%	\$5,897	09/15/05	09/15/06	1.038
Fed Home Loan Bank	03/29/04	\$2,000,000	2.31%	\$1,956,880	2.650%	\$8,929	12/29/06	12/29/06	1.326
Fed Home Loan Bank	03/18/04	\$2,000,000	2.31%	\$1,965,620	3.030%	\$10,210	09/18/05	06/18/07	1.795
Fed Home Loan Bank	03/29/04	\$2,000,000	2.31%	\$1,946,260	3.300%	\$11,120	09/28/05	12/28/07	2.323
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.31%	\$1,972,440	3.600%	\$11,793	09/12/05	03/12/08	2.529
Fed Home Loan Bank	03/26/03	\$2,000,000	2.31%	\$1,964,380	3.375%	\$11,372	anytime	03/26/08	2.567
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.31%	\$1,975,360	3.600%	\$12,197	10/16/05	04/16/08	2.625
Fed Home Loan Mgt Corp	04/17/03	\$1,996,851	2.30%	\$1,970,400	3.625%	\$12,709	10/17/05	04/17/08	2.627
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.31%	\$1,954,380	3.210%	\$10,875	12/03/05	06/03/08	2.756
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.31%	\$1,940,620	2.950%	\$9,995	10/30/05	06/12/08	2.781
Fed Home Loan Bank	07/30/03	\$2,000,000	2.31%	\$1,941,260	3.000%	\$10,187	10/30/05	07/30/08	2.912
Fed Home Loan Bank	07/30/03	\$2,000,000	2.31%	\$1,961,260	3.243%	\$11,104	10/30/05	07/30/08	2.912
Fed Home Loan Bank	07/30/03	\$2,000,000	2.31%	\$1,946,260	3.400%	\$11,545	10/30/05	07/30/08	2.912
Fed Home Loan Bank	08/14/03	\$1,250,000	1.44%	\$1,233,988	3.690%	\$7,862	11/14/05	08/14/08	2.953
Fed Home Loan Bank	10/15/03	\$2,000,000	2.31%	\$1,986,260	4.000%	\$6,776	anytime	10/15/08	3.123
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.31%	\$1,935,000	3.650%	\$12,299	anytime	03/16/09	3.540
Fed Home Loan Bank	03/26/04	\$2,000,000	2.31%	\$1,981,260	4.000%	\$13,478	09/26/05	03/26/09	3.567
Fed Home Loan Bank	04/06/04	\$2,000,000	2.31%	\$1,961,880	3.625%	\$12,281	anytime	04/06/09	3.597
Fed Home Loan Bank	04/07/04	\$2,000,000	2.31%	\$1,960,620	3.600%	\$12,197	10/07/05	04/07/09	3.600
Fed National Mortgage	04/16/04	\$2,000,000	2.31%	\$1,970,620	3.750%	\$12,705	10/16/05	04/16/09	3.625
Fed Home Loan Bank	04/29/04	\$2,000,000	2.31%	\$1,968,120	3.750%	\$12,705	10/29/05	04/29/09	3.660
Fed Home Loan Bank	08/16/05	\$2,000,000	2.31%	\$2,007,500	4.875%	\$4,239	08/16/06	08/16/10	4.959
Fed Farm Credit Bank	08/30/05	\$2,000,000	2.31%	\$2,013,120	4.810%	\$527	09/07/07	09/07/10	5.019
Redeemed in FY 05/06						\$567			
Sub Total/Average		\$60,246,173	69.46%	\$59,403,488	3.204%	\$313,399			2.332
Money Market		\$58,764	0.07%	\$58,764	3.000%	\$1,283			0.003
TOTAL/AVERAGE		\$86,741,120	100.00%	\$85,843,394	3.530%	\$501,106			1.474

*Per State Treasurer Report dated 8/31/2005, LAIF had invested approximately 14% of its balance in Treasury Bills and Notes, 22% in CDs, 13% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 51% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES
AS OF AUGUST 31, 2005



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2004 LAIF	\$24,436,183	\$24,381,142	3.830%	28.17%
2004 OTHER	\$58,764	\$58,764	3.000%	0.07%
2005	\$4,000,000	\$3,994,380	3.037%	4.61%
2006	\$16,999,322	\$16,852,500	3.003%	19.60%
2007	\$4,000,000	\$3,911,880	3.165%	4.61%
2008	\$21,246,851	\$20,846,608	3.408%	24.49%
2009	\$12,000,000	\$11,777,500	3.729%	13.83%
2010	\$4,000,000	\$4,020,620	4.843%	4.61%
TOTAL	\$86,741,120	\$85,843,394	3.530%	100.00%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Taxes - Secured/Unsecured/Prior	4,356,790	4,356,790	18,708	0%		18,708	n/a
Supplemental Roll	176,280	176,280	28,957	16%	7,668	21,289	278%
Sales Tax	5,460,000	5,460,000	586,125	11%	708,700	(122,575)	-17%
Public Safety Sales Tax	264,600	264,600	24,454	9%	21,948	2,506	11%
Transient Occupancy Taxes	974,560	974,560		n/a		-	n/a
Franchise (Refuse ,Cable ,PG&E)	1,030,700	1,030,700		n/a		-	n/a
Property Transfer Tax	378,525	378,525	39,288	10%	34,698	4,590	13%
TOTAL TAXES	12,641,455	12,641,455	697,532	6%	773,014	(75,482)	-10%
<u>LICENSES/PERMITS</u>							
Business License	159,650	159,650	135,012	85%	201,303	(66,291)	-33%
Other Permits	2,030	2,030	693	34%	567	126	22%
TOTAL LICENSES/PERMITS	161,680	161,680	135,705	84%	201,870	(66,165)	-33%
<u>FINES AND PENALTIES</u>							
Parking Enforcement	10,000	10,000	5,013	50%	1,409	3,604	256%
City Code Enforcement	53,500	53,500	26,530	50%		26,530	n/a
Business tax late fee/other fines	1,200	1,200	-	n/a	211	(211)	-100%
TOTAL FINES AND PENALTIES	64,700	64,700	31,543	49%	1,620	29,923	1847%
<u>OTHER AGENCIES</u>							
Motor Vehicle in-Lieu	188,776	188,776	614,345	325%	208,194	406,151	195%
Other Revenue - Other Agencies	246,400	246,400	13,270	5%	387	12,883	3329%
TOTAL OTHER AGENCIES	435,176	435,176	627,615	144%	208,581	419,034	201%
<u>CHARGES CURRENT SERVICES</u>							
False Alarm Charge	25,000	25,000	204	1%	(366)	570	-156%
Business License Application Review	23,000	23,000	4,295	19%	3,666	629	17%
Recreation Revenue	282,400	282,400	42,400	15%	62,669	(20,269)	-32%
Aquatics Revenue	1,265,400	1,265,400	573,672	45%	557,845	15,827	3%
General Administration Overhead	1,791,375	1,791,375	298,563	17%	298,975	(412)	0%
Other Charges Current Services	503,650	503,650	39,741	8%	29,625	10,116	34%
TOTAL CURRENT SERVICES	3,890,825	3,890,825	958,875	25%	952,414	6,461	1%
<u>OTHER REVENUE</u>							
Use of money/property	438,750	438,750	2,720	1%	114,767	(112,047)	-98%
Recreation Rentals	484,250	484,250	110,486	23%		110,486	n/a
Other Revenues	163,600	163,600	16,407	10%	4,290	12,117	282%
TOTAL OTHER REVENUE	1,086,600	1,086,600	129,613	12%	119,057	10,556	9%
<u>TRANSFERS IN</u>							
Park Maintenance	125,000	125,000		n/a		-	n/a
Sewer Enterprise	41,200	41,200	6,867	17%	3,333	3,534	106%
Water Enterprise	20,000	20,000	3,333	17%	3,333	-	n/a
Public Safety	175,000	175,000	29,167	17%	29,167	-	n/a
Community Rec Center	85,665	85,665		n/a		-	n/a
HCD Block Grant	5,000	5,000	833	17%	2,500	(1,667)	-67%
Other Funds	-	-	-	n/a	8,017	(8,017)	-100%
TOTAL TRANSFERS IN	451,865	451,865	40,200	9%	46,350	(6,150)	-13%
TOTAL GENERAL FUND	18,732,301	18,732,301	2,621,083	14%	2,302,906	318,177	14%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
<u>202 STREET MAINTENANCE</u>							
Gas Tax 2105 - 2107.5	699,600	699,600	120,762	17%	120,182	580	0%
CIP Grants	3,325,000	3,325,000		n/a		-	n/a
Reimbursement of Expenses	26,000	26,000	175	1%		175	n/a
Transfers In	700,000	700,000	100,000	14%	100,000	-	n/a
Project Reimbursement		-		n/a		-	n/a
Interest / Other Revenue/Other Charges	41,000	41,000	563	1%	1,025	(462)	-45%
202 STREET MAINTENANCE	4,791,600	4,791,600	221,500	5%	221,207	293	0%
<u>204/205 PUBLIC SAFETY TRUST</u>							
Interest Income	8,885	8,885		n/a		-	n/a
Police Grant/SLEF	100,000	100,000	-	n/a		-	n/a
204/205 PUBLIC SAFETY TRUST	108,885	108,885	-	n/a	-	-	n/a
<u>206 COMMUNITY DEVELOPMENT</u>							
Building Fees	1,483,000	1,483,000	363,475	25%	350,480	12,995	4%
Planning Fees	616,800	616,800	96,035	16%	73,230	22,805	31%
Engineering Fees	875,000	875,000	157,207	18%	182,645	(25,438)	-14%
Other Revenue/Current Charges	48,620	48,620		n/a	125	(125)	-100%
Transfers	-	-	152	n/a		152	n/a
206 COMMUNITY DEVELOPMENT	3,023,420	3,023,420	616,869	20%	606,480	10,389	2%
207 GENERAL PLAN UPDATE	145,286	145,286	28,924	20%	25,918	3,006	12%
<u>215 and 216 HCD BLOCK GRANT</u>							
HCD allocation	396,714	396,714		n/a		-	n/a
CIP Grants	100,000	100,000		n/a		-	n/a
Interest Income/Other Revenue	1,460	1,460	26	2%	-	26	n/a
215 and 216 HCD BLOCK GRANT	498,174	498,174	26	0%	-	26	n/a
210 COMMUNITY CENTER	3,500	3,500		n/a	8,333	(8,333)	-100%
225 ASSET SEIZURE	1,664	1,664		n/a		-	n/a
229 LIGHTING AND LANDSCAPE	138,000	138,000		n/a		-	n/a
232 ENVIRONMENTAL PROGRAMS	533,050	533,050	18,842	4%	14,447	4,395	30%
234 MOBILE HOME PARK RENT STAB.	9,873	9,873		n/a		-	n/a
235 SENIOR HOUSING	6,890	6,890		n/a		-	n/a
236 HOUSING MITIGATION	140,000	140,000	30,000	21%		30,000	n/a
240 EMPLOYEE ASSISTANCE	42,768	42,768	4,266	10%	5,958	(1,692)	-28%
247 ENVIRONMENT REMEDIATION	8,500	8,500		n/a		-	n/a
TOTAL SPECIAL REVENUE FUNDS	9,451,610	9,451,610	920,427	10%	882,343	38,084	4%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	814,768	814,768	120,787	15%	93,721	27,066	29%
302 PARK MAINTENANCE	415,557	415,557	131,725	32%	24,970	106,755	428%
303 LOCAL DRAINAGE	1,276,297	1,276,297	138,138	11%	106,824	31,314	29%
304 LOCAL DRAINAGE/NON AB1600	356,795	356,795	60,000	17%		60,000	n/a
306 OPEN SPACE	170,972	170,972	79,522	47%	46,529	32,993	71%
309 TRAFFIC MITIGATION	1,128,092	1,128,092	491,408	44%	145,539	345,869	238%
311 POLICE MITIGATION	105,743	105,743	8,607	8%	5,864	2,743	47%
313 FIRE MITIGATION	195,345	195,345	12,858	7%	12,163	695	6%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	15,169,461	15,169,461	231,367	2%	73,544	157,823	215%
Loan Proceeds	4,500,000	4,500,000		n/a		-	n/a
Interest Income, Rents	297,947	297,947	2,189	1%	1,910	279	15%
Other Agencies/Current Charges/Transfers	-	-	652,672	n/a	3,629	649,043	17885%
317 RDA CAPITAL PROJECTS	19,967,408	19,967,408	886,228	4%	79,083	807,145	1021%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	57,842	1%	18,386	39,456	215%
Interest Income, Rent	10,450	10,450	2,325	22%	167	2,158	1292%
Transfers/Other	-	-	1,852		60	1,792	2987%
327/328 RDA L/M HOUSING	4,412,625	4,412,625	62,019	1%	18,613	43,406	233%
346 PUBLIC FACILITIES NON-AB1600	228,008	228,008	281,383	123%		281,383	n/a
347 PUBLIC FACILITIES	77,720	77,720	15,008	19%	9,284	5,724	62%
348 LIBRARY	123,155	123,155	8,096	7%	5,572	2,524	45%
350 UNDERGROUNDING	189,883	189,883	76	0%	38,676	(38,600)	-100%
340/342 MH BUS.RANCH CIP I & II	3,145	3,145		n/a		-	n/a
360 COMMUNITY/REC IMPACT FUND	80,719	80,719	10,064	12%	9,151	913	10%
TOTAL CAPITAL PROJECTS FUNDS	29,546,232	29,546,232	2,305,919	8%	595,989	1,709,930	287%
DEBT SERVICE FUNDS							
441 POLICE FACILITY BOND	483,763	483,763	334,095	69%		334,095	n/a
536 ENCINO HILLS	-	-		n/a		-	n/a
539 MORGAN HILL BUSINESS PARK	-	-		n/a		-	n/a
542 SUTTER BUSINESS PARK	-	-		n/a		-	n/a
545 COCHRANE BUSINESS PARK	206,304	206,304		n/a		-	n/a
551 JOLEEN WAY	37,016	37,016		n/a		-	n/a
TOTAL DEBT SERVICE FUNDS	727,083	727,083	334,095	46%	-	334,095	n/a



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,600,535	5,600,535	920,947	16%	918,290	2,657	0%
Interest Income	191,414	191,414	43,765	23%		43,765	n/a
Other Revenue/Current Charges	142,600	142,600	18,926	13%	14,909	4,017	27%
640 SEWER OPERATION	5,934,549	5,934,549	983,638	17%	933,199	50,439	5%
641 SEWER EXPANSION							
Interest Income	345,048	345,048		n/a		-	n/a
Connection Fees	1,560,000	1,560,000	401,771	26%	224,092	177,679	79%
Other	-	-	214	n/a	132	82	62%
641 SEWER EXPANSION	1,905,048	1,905,048	401,985	21%	224,224	177,761	79%
642 SEWER RATE STABILIZATION	119,167	119,167		n/a		-	n/a
643 SEWER-CAPITAL PROJECT	294,560	294,560		n/a		-	n/a
TOTAL SEWER FUNDS	8,253,324	8,253,324	1,385,623	17%	1,157,423	228,200	20%
650 WATER OPERATION							
Water Sales	6,229,900	6,229,900	1,704,709	27%	1,593,679	111,030	7%
Meter Install & Service	70,000	70,000	23,064	33%	20,790	2,274	11%
Transfers-In, and Interest Income	472,202	472,202	38,465	8%	2,544	35,921	1412%
Other Revenue/Current Charges	879,500	879,500	220,505	25%	120,877	99,628	82%
650 WATER OPERATION	7,651,602	7,651,602	1,986,743	26%	1,737,890	248,853	14%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	207,076	207,076	52	0%		52	n/a
Water Connection Fees	362,000	362,000	46,267	13%	43,885	2,382	5%
651 WATER EXPANSION	569,076	569,076	46,319	8%	43,885	2,434	6%
652 Water Rate Stabilization	702,000	702,000	11,667	2%		11,667	n/a
653 Water Capital Project	297,217	297,217	22	0%		22	n/a
TOTAL WATER FUNDS	9,219,895	9,219,895	2,044,751	22%	1,781,775	262,976	15%
TOTAL ENTERPRISE FUNDS	17,473,219	17,473,219	3,430,374	20%	2,939,198	491,176	17%
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	254,202	254,202	42,367	17%	38,495	3,872	10%
740 BUILDING MAINTENANCE SERVICES	1,666,477	1,666,477	277,746	17%	275,435	2,311	1%
745 CIP ADMINISTRATION	1,415,000	1,415,000	163,804	12%	150,266	13,538	9%
760 UNEMPLOYMENT INSURANCE	58,305	58,305		n/a		-	n/a
770 WORKERS COMPENSATION	920,509	920,509	164,111	18%	159,905	4,206	3%
790 EQUIPMENT REPLACEMENT	538,545	538,545	70,548	13%	50,842	19,706	39%
793 CORPORATION YARD COMMISSION	14,350	14,350		n/a		-	n/a
795 GENERAL LIABILITY INSURANCE	506,470	506,470	104,168	21%	71,283	32,885	46%
TOTAL INTERNAL SERVICE FUNDS	5,373,858	5,373,858	822,744	15%	746,226	76,518	10%



City of Morgan Hill
 Year to Date Revenues - Fiscal Year 2005/06
 For the Month of August 2005
 17% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-		n/a		-	n/a
842 M.H. BUS.RANCH A.D. II	-	-		n/a		-	n/a
843 M.H. BUS.RANCH 1998	898,976	898,976	1,737	0%		1,737	n/a
844 M.H. RANCH REFUNDING 2004A	612,433	612,433	906	0%	299,862	(298,956)	-100%
845 MADRONE BP-TAX EXEMPT	462,228	462,228	1,431	0%		1,431	n/a
846 MADRONE BP-TAXABLE	91,543	91,543	1,251	1%		1,251	n/a
848 TENNANT AVE.BUS.PK A.D.	12,909	12,909		n/a		-	n/a
881 POLICE DONATION TRUST FUND	642	642		n/a		-	n/a
TOTAL AGENCY FUNDS	2,078,731	2,078,731	5,325	0%	299,862	(294,537)	-98%
TOTAL FOR ALL FUNDS	83,383,034	83,383,034	10,439,967	13%	7,766,524	2,996,026	39%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
----------	---------------	----------------------------	----------------	----------------	--------------	-------------------------	-----------------	----------------------------

010 GENERAL FUND

I. GENERAL GOVERNMENT

COUNCIL AND MISCELLANEOUS GOVT.

City Council	11,848	207,067	207,067	27,618	2,886	30,504	15%
Community Promotions	1,140	41,022	41,022	2,273	-	2,273	6%
COUNCIL AND MISCELLANEOUS GOV	12,988	248,089	248,089	29,891	2,886	32,777	13%

CITY ATTORNEY	36,036	566,690	566,690	51,717	167,481	219,198	39%
----------------------	---------------	----------------	----------------	---------------	----------------	----------------	------------

CITY MANAGER

City Manager	25,756	330,948	330,948	55,766		55,766	17%
Cable Television	873	37,611	37,611	1,741	8,800	10,541	28%
Communications & Marketing	7,729	146,792	146,792	9,970	-	9,970	7%
CITY MANAGER	34,358	515,351	515,351	67,477	8,800	76,277	15%

RECREATION

Recreation	10,636	311,071	311,071	25,902		25,902	8%
Community & Cultural Center	123,825	1,280,015	1,280,015	212,968	135,851	348,819	27%
Aquatics Center	228,805	1,403,838	1,403,838	441,076	1,000	442,076	31%
Indoor Recreation Center	78	85,665	85,665	157	-	157	0%
RECREATION	363,344	3,080,589	3,080,589	680,103	136,851	816,954	27%

HUMAN RESOURCES

Human Resources	33,940	488,604	488,604	67,494	3,424	70,918	15%
HUMAN RESOURCES	33,940	488,604	488,604	67,494	3,424	70,918	15%

CITY CLERK

City Clerk	18,672	258,591	258,591	35,841		35,841	14%
Elections	3,444	47,788	47,788	6,792	-	6,792	14%
CITY CLERK	22,116	306,379	306,379	42,633	-	42,633	14%

FINANCE	79,174	982,085	982,085	144,637		144,637	15%
----------------	---------------	----------------	----------------	----------------	--	----------------	------------

TOTAL GENERAL GOVERNMENT	581,956	6,187,787	6,187,787	1,083,952	319,442	1,403,394	23%
---------------------------------	----------------	------------------	------------------	------------------	----------------	------------------	------------

II. PUBLIC SAFETY

POLICE

PD Administration	56,170	812,406	812,406	260,317		260,317	32%
Patrol	378,085	4,186,166	4,186,166	728,214	5,597	733,811	18%
Support Services	70,986	1,040,162	1,040,162	131,639		131,639	13%
Emergency Services/Haz Mat	220	49,494	49,494	621	4,013	4,634	9%
Special Operations	72,085	1,486,523	1,486,523	180,350	1,774	182,124	12%
Animal Control	6,935	100,734	100,734	12,597		12,597	13%
Dispatch Services	62,729	1,082,581	1,082,581	127,944	400	128,344	12%
POLICE	647,210	8,758,066	8,758,066	1,441,682	11,784	1,453,466	17%

FIRE	349,650	4,377,495	4,377,495	699,191	-	699,191	16%
-------------	----------------	------------------	------------------	----------------	----------	----------------	------------

TOTAL PUBLIC SAFETY	996,860	13,135,561	13,135,561	2,140,873	11,784	2,152,657	16%
----------------------------	----------------	-------------------	-------------------	------------------	---------------	------------------	------------

III. COMMUNITY IMPROVEMENT

PARK MAINTENANCE	61,404	698,893	698,893	96,859	19,239	116,098	17%
-------------------------	---------------	----------------	----------------	---------------	---------------	----------------	------------

TOTAL COMMUNITY IMPROVEMENT	61,404	698,893	698,893	96,859	19,239	116,098	17%
------------------------------------	---------------	----------------	----------------	---------------	---------------	----------------	------------



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
----------	---------------	----------------------------	----------------	----------------	--------------	-------------------------	-----------------	----------------------------

IV. TRANSFERS

	General Plan Update	833	10,000	10,000	1,667	-	1,667	17%
	TOTAL TRANSFERS	833	10,000	10,000	1,667	-	1,667	17%
	TOTAL GENERAL FUND	1,641,053	20,032,241	20,032,241	3,323,351	350,465	3,673,816	18%

SPECIAL REVENUE FUNDS

202	STREET MAINTENANCE							
	Street Maintenance/Traffic	115,702	1,855,834	1,859,834	187,093	157,231	344,324	19%
	Congestion Management	3,471	84,994	84,994	7,647	-	7,647	9%
	Street CIP	40,898	3,427,989	3,427,989	65,576	373,568	439,144	13%
202	STREET MAINTENANCE	160,071	5,368,817	5,372,817	260,316	530,799	791,115	15%
204/205	PUBLIC SAFETY/SUPP.LAW	14,627	175,519	175,519	29,253		29,253	17%
206	COMMUNITY DEVELOPMENT FUND							
	Planning	83,870	1,219,194	1,219,194	154,203	78,991	233,194	19%
	Building	70,769	1,129,216	1,129,216	131,987	75,094	207,081	18%
	PW-Engineering	89,763	1,145,151	1,145,151	147,025	222,251	369,276	32%
206	COMMUNITY DEVELOPMENT FUND	244,402	3,493,561	3,493,561	433,215	376,336	809,551	23%
207	GENERAL PLAN UPDATE	6,307	154,553	154,553	8,811	83,996	92,807	60%
210	COMMUNITY CENTER		85,665	85,665			-	n/a
215/216	CDBG	2,351	506,714	506,714	3,639	146,504	150,143	30%
225	ASSET SEIZURE		-	-			-	n/a
229	LIGHTING AND LANDSCAPE	11,675	118,248	118,248	16,797	67,835	84,632	72%
232	ENVIRONMENT PROGRAMS	19,605	402,505	402,505	30,020	80,529	110,549	27%
234	MOBILE HOME PARK	(87)	4,832	4,832	37		37	1%
235	SENIOR HOUSING TRUST FUND		80,700	80,700		4,500	4,500	6%
236	HOUSING MITIGATION FUND		1,315,000	1,315,000		50,000	50,000	4%
240	EMPLOYEE ASSISTANCE	3,200	57,500	57,500	3,200	-	3,200	6%
247	ENVIRONMENT REMEDIATION FUND		152,500	152,500		-	-	n/a
	TOTAL SPECIAL REVENUE FUNDS	462,151	11,916,114	11,920,114	785,288	1,340,499	2,125,787	18%

CAPITAL PROJECT FUNDS

301	PARK DEVELOPMENT	80,838	2,388,940	2,388,940	83,794	37,717	121,511	5%
302	PARK MAINTENANCE	833	185,000	185,000	1,667	312	1,979	1%
303	LOCAL DRAINAGE	128	1,901,534	1,901,534	256		256	0%
304	LOCAL DRAIN. NON-AB1600	13,970	1,141,667	1,141,667	20,343	10,500	30,843	3%
306	OPEN SPACE						-	
309	TRAFFIC MITIGATION	29,994	1,137,000	1,137,000	35,522	724,583	760,105	67%
311	POLICE MITIGATION	494	250,887	250,887	172,158	10,000	182,158	73%
313	FIRE MITIGATION	115	526,378	526,378	230		230	0%
317	RDA BUSINESS ASSISTANCE	2,028,265	28,279,211	28,279,211	2,152,635	4,932,241	7,084,876	25%
327/328	RDA HOUSING	1,321,990	10,191,842	10,191,842	1,385,277	63,361	1,448,638	14%
340/342	MH BUS RANCH CIP						-	n/a
346	PUBLIC FAC.NON AB1600	1,555	90,000	90,000	(140,427)	432,083	291,656	324%
347	PUBLIC FACILITIES	114	1,363	1,363	227		227	17%
348	LIBRARY IMPACT	17	202	202	34		34	17%
350	UNDERGROUNDING	657	1,200,389	1,200,389	690	82,320	83,010	7%
360	COMM/REC CTR IMPACT		180,000	180,000			-	n/a
	TOTAL CAPITAL PROJECTS FUNDS	3,478,970	47,474,413	47,474,413	3,712,406	6,293,117	10,005,523	21%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
DEBT SERVICE FUNDS								
441	POLICE FACILITY BOND DEBT		483,763	483,763	328,157	-	328,157	68%
545	COCHRANE BUS. PARK A.D.	561	194,625	194,625	1,311	-	1,311	1%
551	JOLEEN WAY A.D.	561	36,487	36,487	1,281	-	1,281	4%
TOTAL DEBT SERVICE FUNDS		1,122	714,875	714,875	330,749	-	330,749	46%
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATION	625,452	6,786,507	6,786,507	2,057,157	60,530	2,117,687	31%
641	CAPITAL EXPANSION	204,816	2,796,988	2,796,988	335,087	407,127	742,214	27%
642	SEWER RATE STABILIZATION	176	2,114	2,114	352		352	17%
643	SEWER-CAPITAL PROJECTS	68,495	352,535	352,535	74,195	483,515	557,710	158%
TOTAL SEWER FUND(S)		898,939	9,938,144	9,938,144	2,466,791	951,172	3,417,963	34%
WATER								
	Water Operations Division	591,111	7,151,323	7,151,323	758,522	459,662	1,218,184	17%
	Meter Reading/Repair	36,232	761,846	761,846	68,091	19,611	87,702	12%
	Utility Billing	36,507	460,975	460,975	72,746	21,798	94,544	21%
	Water Conservation	3,801	124,708	124,708	7,674	50,000	57,674	46%
650	WATER OPERATIONS	667,651	8,498,852	8,498,852	907,033	551,071	1,458,104	17%
651	CAPITAL EXPANSION	54,867	1,786,014	1,786,014	62,882	508,322	571,204	32%
652	WATER RATE STABILIZATION	41	492	492	82		82	17%
653	WATER-CAPITAL PROJECTS	125,710	886,260	886,260	153,280	1,281,081	1,434,361	162%
TOTAL WATER FUND(S)		848,269	11,171,618	11,171,618	1,123,277	2,340,474	3,463,751	31%
TOTAL ENTERPRISE FUNDS		1,747,208	21,109,762	21,109,762	3,590,068	3,291,646	6,881,714	33%
INTERNAL SERVICE FUNDS								
730	INFORMATION SERVICES	24,137	254,203	254,203	26,826	231,946	258,772	102%
740	BUILDING MAINTENANCE	121,681	1,366,261	1,366,261	161,287	20,025	181,312	13%
745	CIP ENGINEERING	99,816	1,379,348	1,379,348	177,709	71,785	249,494	18%
760	UNEMPLOYMENT		55,000	55,000			-	n/a
770	WORKERS COMPENSATION	19,779	770,075	770,075	158,516		158,516	21%
790	EQUIPMENT REPLACEMENT	345	469,827	469,827	560	16,776	17,336	4%
793	CORP YARD COMMISSION	6,537		-	9,730	6,653	16,383	n/a
795	GEN. LIABILITY INSURANCE	513	480,800	480,800	292,565		292,565	61%
TOTAL INTERNAL SERVICE FUNDS		272,808	4,775,514	4,775,514	827,193	347,185	1,174,378	25%
AGENCY FUNDS								
841	MORGAN HILL BUS RANCH I		-	-		-	-	n/a
842	MORGAN HILL BUS RANCH II		-	-		-	-	n/a
843	MORGAN HILL BUS RANCH 98	6,061	867,265	867,265	7,008		7,008	1%
844	MH RANCH RSMNT 2004A	526,321	595,583	595,583	527,500	-	527,500	89%
845	MADRONE BP-TAX EXEMPT	255,724	443,763	443,763	256,895	-	256,895	58%
846	MADRONE BP-TAXABLE	41,655	86,939	86,939	42,315	-	42,315	49%
848	TENNANT AVE BUS PARK AD	560	6,727	6,727	1,121	-	1,121	17%
881	POLICE DONATION TRUST		-	-		-	-	n/a
TOTAL AGENCY FUNDS		830,321	2,000,277	2,000,277	834,839	-	834,839	42%
REPORT TOTAL		8,433,633	108,023,196	108,027,196	13,403,894	11,622,912	25,026,806	23%



YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
	Budget	YTD	% of Budget	Prior YTD	Budget	YTD	% of Budget	Prior YTD
Operations								
Revenues								
Service Charges	\$ 5,600,535	\$ 920,947	16%	\$ 918,290	\$ 6,229,900	\$ 1,704,709	27%	\$ 1,593,679
Meter Install & Service					70,000	23,064	33%	20,790
Other	142,600	18,926	13%	14,909	(1,165,146)	220,505	-19%	123,421
Total Operating Revenues	5,743,135	939,873	16%	933,199	5,134,754	1,948,278	38%	1,737,890
Expenses								
Operations	4,682,409	699,070	15%	459,020	4,750,307	675,189	14%	550,122
Meter Reading/Repair					637,156	68,091	11%	79,462
Utility Billing/Water Conservation					399,783	80,420	20%	54,519
Total Operating Expenses	4,682,409	699,070	15%	459,020	5,787,246	823,700	14%	684,103
Operating Income (Loss)	1,060,726	240,803		474,179	(652,492)	1,124,578		1,053,787
Nonoperating revenue (expense)								
Interest Income	191,414	43,765	23%	-	16,848	50	0%	
Interest Expense/Debt Services	(573,410)	(282,806)	49%	(289,490)	(243,249)			
Principal Expense/Debt Services	(975,000)	(995,000)	102%	(975,000)	(310,296)			
Total Nonoperating revenue (expense)	(1,356,996)	(1,234,041)		(1,264,490)	(536,697)	50		-
Income before operating xfers	(296,270)	(993,238)		(790,311)	(1,189,189)	1,124,628		1,053,787
Operating transfers in	-	-		-	2,500,000	38,415	2%	
Operating transfers (out)	(220,000)	(80,281)	36%	(36,667)	(420,000)	(83,333)	20%	(70,000)
Net Income (Loss)	\$ (516,270)	\$ (1,073,519)		\$ (826,978)	\$ 890,811	\$ 1,079,710		\$ 983,787



City of Morgan Hill
Balance Sheets - Water and Sewer Funds
For the Month of August 2005
17% of Year Completed

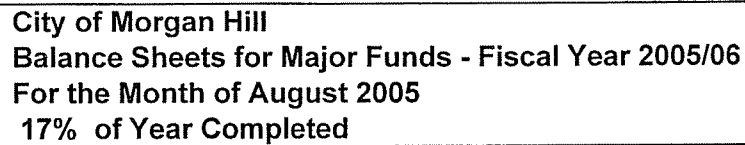
	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	1,348,053	6,426,385	3,940,032	3,355,781
Restricted ¹	1,849,400	6,868,470	414,856	4,212,614
Accounts Receivable		8,525		588
Utility Receivables	780,605		1,301,887	
Less Allowance for Doubtful Accounts	(13,655)		(18,127)	
Notes Receivable ²		9,008	0	
Fixed Assets ³	31,101,346	11,110,295	24,500,750	10,533,791
Total Assets	35,065,749	24,422,683	30,139,398	18,102,775
LIABILITIES				
Accounts Payable and Accrued Liabilities	269,008	108,072	75,900	327,098
Deposits for Water Services & Other Deposits			22,225	
Deferred Revenue ⁴				
Bonds Payable	23,300,000		5,568,631	
Discount on Bonds and Other Liabilities	(2,425,887)		(913,413)	
Accrued Vacation and Comp Time	49,020		97,480	
Total liabilities	21,192,141	108,072	4,850,823	327,098
FUND EQUITY				
Contributed Capital	7,735,831		14,356,292	
Retained Earnings				
Reserved for:				
Noncurrent water/sewer assets & debt	10,178,213	11,110,295	19,748,052	10,533,791
Encumbrances	60,530	890,642	551,071	1,789,403
Notes Receivable		9,008		
Restricted Cash	1,849,400		414,856	4,212,614
Total Reserved Retained Earnings	12,088,143	12,009,945	20,713,979	16,535,808
Unreserved Retained Earnings	1,785,465	12,304,666	4,574,596	1,239,868
Total Fund Equity	13,873,608	24,314,611	25,288,575	17,775,677
Total Liabilities and Fund Equity	35,065,749	24,422,683	30,139,398	18,102,775

¹ Restricted for Bond Reserve requirements and capital expansion.

² Includes Note for Sewer Financing Agreements.

³ Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



Cash and investments:					
Unrestricted	8,178,868	9,828,318	5,575,245	1,348,053	3,940,032
Restricted ¹	6,312			1,849,400	414,856
Accounts Receivable	802,779	25,999			
Utility Receivables (Sewer and Water)				780,605	1,301,887
Less Allowance for Doubtful Accounts				(13,655)	(18,127)
Loans and Notes Receivable ²	421,771	3,590,774	28,289,246		
Prepaid Expense	7,588				
Fixed Assets ³		71,049		31,101,346	24,500,750
Total Assets	9,417,318	13,516,140	33,864,491	35,065,749	30,139,398
LIABILITIES					
Accounts Payable and Accrued Liabilities	268,874	22,668	24,187	269,008	75,900
Deposits for Water Services & Other Deposits	16,875				22,225
Deferred Revenue ⁴	558,234	3,629,397	28,549,263		
Bonds Payable				23,300,000	5,568,631
Discount on Bonds and Other Liabilities	85,969			(2,425,887)	(913,413)
Accrued Vacation and Comp Time				49,020	97,480
Total liabilities	929,952	3,652,065	28,573,450	21,192,141	4,850,823
FUND EQUITY					
Contributed Capital				7,735,831	14,356,292
Fund Balance / Retained Earnings					
Reserved for:					
Noncurrent water/sewer assets & debt				10,178,213	19,748,052
Encumbrances	350,465	4,932,241	63,361	60,530	551,071
Restricted Cash				1,849,400	414,856
RDA properties held for resale		71,049			
Loans and Notes Receivable					
Total Reserved Fund Equity	350,465	5,003,290	63,361	12,088,143	20,713,979
Designated Fund Equity ⁵	4,109,213				
Unreserved/Undesignated Fund Equity	4,027,688	4,860,785	5,227,680	1,785,465	4,574,596
Total Fund Equity	8,487,366	9,864,075	5,291,041	13,873,608	25,288,575
Total Liabilities and Fund Equity	9,417,318	13,516,140	33,864,491	35,065,749	30,139,398

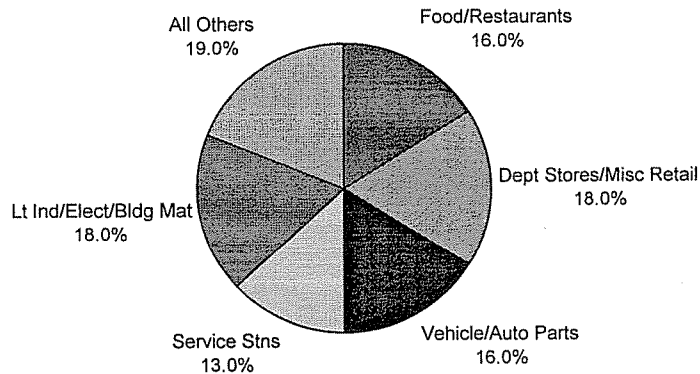
⁵ Designated as a general reserve.



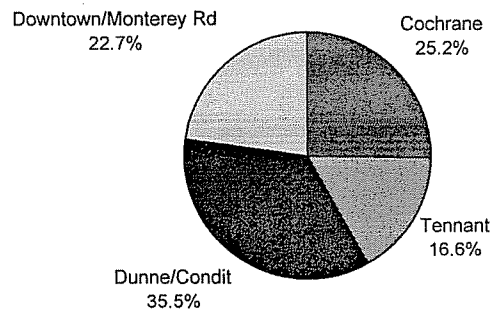
City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Completed

Month	Amount Collected for Month for Fiscal Year			Amount Collected YTD for Fiscal Year			Comparison of YTD for fiscal years	
	05/06	04/05	03/04	05/06	04/05	03/04	05/06 to 04/05	05/06 to 03/04
July	\$271,100	\$307,500	\$338,300	\$271,100	\$307,500	\$338,300	(36,400)	(67,200)
August	\$315,025	\$401,200	\$451,000	\$586,125	\$708,700	\$789,300	(122,575)	(203,175)
September		\$518,724	\$232,994		\$1,227,424	\$1,022,294		
October		\$223,145	\$316,100		\$1,450,569	\$1,338,394		
November		\$299,300	\$421,400		\$1,749,869	\$1,759,794		
December		\$442,460	\$331,624		\$2,192,329	\$2,091,418		
January		\$708,525	\$349,500		\$2,900,854	\$2,440,918		
February		\$297,415	\$428,600		\$3,198,269	\$2,869,518		
March		\$564,262	\$292,930		\$3,762,531	\$3,162,448		
April		\$214,162	\$340,500		\$3,976,693	\$3,502,948		
May		\$769,125	\$385,525		\$4,745,818	\$3,888,473		
June		\$561,606	\$261,782		\$5,307,424	\$4,150,255		
Year To Date Totals				\$586,125	\$5,307,424	\$4,150,255		
Sales Tax Budget for Year				\$4,095,000	\$4,600,000	\$4,650,000		
Percent of Budget				14%	115%	89%	-17%	-26%
Percent of increase(decrease)								

**Sales Tax Distribution
by Business Segment
Second Quarter 2004**



**Sales Distribution
by Area
Second Quarter 2004**





CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

Agenda Item #2

Prepared By:

**Community
Development
Director**

Submitted By:

City Manager

COMMITMENT TO ANNEX UNINCORPORATED ISLANDS LOCATED WITHIN THE URBAN SERVICE AREA

RECOMMENDED ACTION(S): By motion:

- (1) Direct staff to prepare initiation of two additional island annexations under the provision of Government Code Section 56375.3 (#16 and #17 on attached maps);
- (2) Request that the County provide the necessary mapping, legal descriptions, and Surveyor's Reports for the amended list of islands identified in the attached amended chart; and
- (3) Authorize staff, on behalf of the City Council, to request minor adjustments to the Urban Service Area boundary and/or sizes of identified islands, as necessary to accommodate annexation of the islands in a manner that is consistent with LAFCO regulations and policies regarding annexation of streets adjacent to city lands and avoidance of split lines of assessment.

EXECUTIVE SUMMARY: On February 9, 2005 LAFCO adopted Island Annexation Policies which strongly encourage cities to undertake annexation of unincorporated "pockets" or "islands". On August 3, 2005 the Morgan Hill City Council unanimously voted to direct staff to prepare initiation of island annexations under the provision of Government Code Section 56375.3. A total of fifteen (15) islands were included in the package, including Holiday Lakes Estates (which assumed that LAFCO will act to include that area within the city's Urban Service Area (USA) Boundary on October 12, 2005; thus qualifying the area as an "island").

The August 3, 2005 staff report indicated that two of the islands were "in process" such that they should not be included within the island annexation package. These two islands are identified as Islands #16 and #17 on the attached maps and chart. Since the August Council meeting, staff has learned that these two islands in fact have the same status as certain of the others that the Council has already included in the islands package: they are stalled and not making progress toward completion. Additionally, with respect to Island #8, which is the island at US 101 and Condit, the "existing land use" note needs to be corrected to remove the indication that the mushroom plant will close. Internal staff miscommunication led to that erroneous indication, and in fact staff has no knowledge of any mushroom plant plan to close.

Staff is also requesting that the City Council authorize staff, on behalf of the City Council, to request minor adjustments to the USA boundary and/or sizes of identified islands, as necessary to accommodate annexation of the islands in a manner that is consistent with LAFCO regulations and policies regarding annexation of streets adjacent to city lands and avoidance of split lines of assessment. For example, LAFCO would like to adjust the USA so that it takes in the portion of Hill Street that is adjacent to Island #7 at Diana and Hill (El Dorado III subdivision). The size of Island #8 at US 101 and Condit will increase to take in all of the US 101 area. Also, it may be that the USA should be adjusted for Island #4 at Llagas Road, to avoid split lines of assessment. Other minor adjustments may also be identified, and staff is requesting authorization to request such on behalf of the City, only as would be needed to accommodate the island annexation consistent with LAFCO regulations and policies.

With respect to CEQA, each of the islands are either already developed or are included within the USA, and the level of anticipated development would be consistent with the 2001 General Plan. There are no specific development applications associated with any of the islands, therefore the island annexations are covered by the General Plan Environmental Impact Report.

FISCAL/RESOURCE IMPACT: County map preparation and review costs are \$2,000 plus staff time at \$115/hour, and the County will waive these costs if the island annexations are completed, otherwise the City of Morgan Hill would be billed for those costs. LAFCO is waiving filing fees, and the County is waiving fees, preparing surveyor's maps and legal descriptions, and will pay the State Board of Equalization fees. Additionally, County funding has been identified to upgrade to an adequate Pavement Maintenance Index, as needed. Fiscal/resource impact on the city consists of staff time to process the annexations, and will include staff time to complete code compliance activities on certain properties once they are included within the City. As vacant lands develop, those developers will complete missing infrastructure.



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

UPDATE OF DESIRABLE INFILL STANDARDS

RECOMMENDED ACTION(S):

Approve changes to the City Council policy establishing Desirable Infill Standards to comply with changes under Measure C and Section 18.78.070 of the Municipal Code.

EXECUTIVE SUMMARY:

Measure C, as approved by the voters in March 2004 and incorporated under Section 18.78.070 of the Municipal Code, imposes restrictions on the City's ability to include additional residential properties into the urban service area, unless the amount of undeveloped, residentially developable land within the existing urban service area is insufficient to accommodate five year's worth of residential growth. The prior Measure P initiative included the same restriction. Both Measure P and Measure C allow the City Council to formulate standards by which it may make exceptions to the above restriction for desirable in-fill. "Desirable in-fill" means a tract of land not exceeding 20 acres and abutted on at least two sides by the city or abutted on one side by the city and within a quarter mile of the city on a second side. The standards set up for granting such exceptions must include findings that inclusion into the urban service area would not unduly burden city services and would beneficially affect the general welfare of the citizens of the community. The City Council established Desirable Infill Standards under a City Council Policy adopted in April 1994.

Under Measure C, infrastructure improvements or land dedications that are the basis of the City's findings that the expansion of the urban service area would beneficially affect the general welfare of the city, must be installed or the land must be conveyed to the city within five years of the date the area is added to urban service area. To be consistent with the current provisions of Measure C, staff and the Planning Commission recommend the attached policy be amended to include the requirement for completion of the beneficial improvement or land dedication within 5 years or upon its development, whichever occurs first. The added provisions are shown in underline text beginning on page 4 of the attached Council Policy document. The Planning Commission at their September 13, 2005 meeting voted 7-0 to recommend approval of the amendments to the Council policy establishing Desirable Infill Standards.

FISCAL IMPACT: No budget adjustment required.

Agenda Item # 3

Prepared By:

Planning Manager

Approved By:

**Community
Development Director**

Submitted By:

City Manager

CITY OF MORGAN HILL

CITY COUNCIL POLICIES AND PROCEDURES

CP 94-02

SUBJECT: CRITERIA FOR ADJUSTMENT OF THE URBAN SERVICE BOUNDARY

EFFECTIVE DATE: APRIL 7, 1994

REVISION DATE: June 15, 1994, September 21, 2005

DESIRABLE INFILL STANDARDS

It shall be the policy of the City of Morgan Hill to utilize the following criteria to evaluate and approve boundary adjustments) to forward to the County Local Agency Formation Commission (LAFCO) based on the Desirable Infill exception allowed by Section 18.78.070(B) of the Municipal Code.

Residentially Planned Properties

The City may petition LAFCO for expansion of the Urban Service Area irrespective of the amount of vacant land available for residential development currently within the Urban Service Area provided that the property subject to the proposed expansion meets the definition of "Desirable Infill". That definition includes criteria which addresses physical characteristics of the property, provision of services to the property, and benefits to the City from inclusion of the property. All three criteria must be met for a property to be added to the Urban Service Area.

Physical Criteria

1. Partial properties shall not be included; and
2. The total acreage of a parcel shall not exceed 20 acres; and
3. Each parcel shall be abutted at least 50% on each of two sides by property within the ascribed boundaries on December 7, 1990; or is abutted at least 50% on one side by property within the ascribed boundaries on December 7, 1990 and has two other sides within 1320 ft. of the ascribed boundaries on December 7, 1990 (as determined by perpendicular lines drawn from the two other sides of the property to the ascribed boundaries). For the purpose of this determination, the ascribed boundaries shall be defined as follows:
 - a. In instances where the urban service boundary is within the city limits, the ascribed boundary is the urban service boundary.

Desirable Infill Policy

Page - 2 -

- b. In instances where the urban service boundary is coterminous with or extends beyond the city limits, the ascribed boundary is the city limits.**
 - c. A parcel which does not touch property within the ascribed boundaries but is on the opposite side of the street from property within the ascribed boundaries will be considered to abut property within those boundaries.**
- 4. Parcels not contiguous to the urban service area may be eligible for inclusion in the urban service area if the parcels meet the standards contained in criteria 1 and 2 above and the property's inclusion is necessary to avoid the potential for creation of an unincorporated peninsula or island within the City. Such non-contiguous parcels may only be included within the USA if the entire area of consideration in which the parcels are contained does not exceed 20 acres.**

City Service Criteria

The City shall only add parcels to the Urban Service Area which would potentially be eligible to receive a passing score under Part 1 of the Residential Development Control System criteria (Section 18.78.200 of the Municipal Code).

For the purposes of this determination, properties will be evaluated against Part I of the RDCS using the following standards:

2 Points assigned if the necessary facility is currently in place and is of adequate capacity to serve the potential development of the parcel (as recommended by the City Engineer).

1 or 1.5 points assigned if the necessary facility could be reasonably installed or improved as a condition of a development of the parcel (as recommended by the City Engineer).

0 points assigned if the necessary facility could not be reasonably installed or improved as a condition of development of the parcel (as recommended by the City Engineer).

Beneficial Criteria

The City shall only add parcels to the Urban Service Area which would beneficially effect the general welfare of the citizens of the City.

Parcels which would be considered to beneficially effect the citizens of the City includes those which promote orderly and contiguous development and allow for the provision of needed infrastructure or allow for the establishment of public facilities such as parks, schools or other buildings to be owned or operated by the City, School District, Water District or any other public agency.

For the purpose of this determination, the following standards shall apply:

Orderly and Contiguous Development: To be considered “orderly and contiguous development” parcels must be adjacent to the Urban Service Boundary on at least 50 percent or more of the property boundary.

Provision of Needed Infrastructure: To allow for the completion of needed infrastructure, parcels must be capable of providing for one or more of the following:

- a. The gridding of the existing water system.
- b. The elimination of an existing dead end street(s) or the improvement of an existing substandard street which has been identified as creating a potentially hazardous situation or provision of a new street which substantially improves circulation in an area.
- c. The installation or improvement of a sewer line(s) where the existing line or service levels are determined to be substandard.
- d. The installation or improvement of storm drainage facilities where the existing facilities or service levels are determined to be substandard.
- e. The establishment of water tanks or lift stations in areas where determined necessary by the City.

Establishment of Needed Public Facilities: To allow for the establishment of public facilities, a parcel must be identified as a location for the establishment of a public facility (park, school, public buildings) to be owned or operated by the City, School District, Water District or any other public agency.

Desirable Infill Policy

Page - 4 -

The infrastructure improvements that are the basis of the City's findings that the expansion would beneficially affect the general welfare of the City must be installed, or the land needed for public facilities that are the basis of the City's findings that the expansion would beneficially affect the general welfare of the City must be conveyed to the public agency, within five years of the date that the area is added to the Urban Service Area or upon its development, whichever occurs first. The commitment by the applicant to install the needed infrastructure improvements on which the City's findings are based, and/or convey the land needed for the public facilities, must be secured prior to official action adding the area to the Urban Service Area, through a development agreement or other legally binding agreement recorded against the property. The City shall not require an applicant to provide infrastructure or land in a quantity exceeding that which is needed to fully offset and mitigate all direct and cumulative impacts on services and infrastructure from new development proposed by the applicant.

The City Council may make exceptions to these requirements for, and support the annexation to the City of, Existing County Subdivisions as defined in section 18.78.030.A, "Development allotments – Determination and distribution" of the Residential Development Control provisions of the Morgan Hill Municipal Code

Commercially and Industrially Planned Properties

To encourage economic development, the City may approve expansions of the Urban Service Boundary which include properties which are contiguous to the Urban Service Boundary and are designated in the Land Use Element of the Morgan Hill General Plan for commercial or industrial use. Properties so added to the Urban Service Area shall not be eligible for conversion to residential use except as provided by Section 18.62.070 of the Morgan Hill Municipal Code.

This policy shall remain in effect until modified by the City Council.

APPROVED:

DENNIS KENNEDY, MAYOR



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

STATUS OF DISCUSSIONS WITH NON-PROFIT SPORT GROUPS REGARDING OPERATIONS AND MAINTENANCE OF THE OUTDOOR SPORTS COMPLEX

RECOMMENDED ACTION(S): Status report only.

Agenda Item #4

Prepared By:

**Special Assistant to the
City Manager**

Submitted By:

City Manager

EXECUTIVE SUMMARY:

The Public Safety & Community Services Committee has requested that staff return to Council in September to provide an update on the status of discussions between the two youth non-profit sports groups regarding a unified proposal to operate and maintain the proposed Outdoor Sports Complex. At the time of the report, a meeting with representatives from the groups was scheduled for Thursday, September 15. Attempts at scheduling meetings in August were unsuccessful due to vacations and availability of the volunteer representatives.

Council requested that by October 2005 that these groups agree on one proposal for the operations and maintenance of the sports complex and submit it for Council consideration. Staff continues to work towards that deadline.

FISCAL IMPACT: The maintenance and operations cost of the Outdoor Sports Complex is not budgeted at this time.



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

ADOPTION OF SPEED LIMITS IN ACCORDANCE WITH NEW ENGINEERING AND TRAFFIC SURVEY

RECOMMENDED ACTION(S):

Repeal Resolution No. 5421 and adopt the attached Resolution dated September 21, 2005 establishing speed limits on city streets.

EXECUTIVE SUMMARY: The City uses engineering and traffic surveys to establish the speed limits used for city streets. Resolution Number 5421 established the current speed limits for city streets and is based on an engineering and traffic survey conducted in 2000. State law requires that an engineering and traffic survey of City streets be conducted every five years if radar enforcement is to be utilized.

To maintain the capability of radar enforcement in the City a new engineering and traffic survey was completed through a joint effort by Public Works and the Police Department. The study analyzed eighty five segments of roadway within the City including the newest section of Butterfield Boulevard from San Pedro Avenue to Tennant Avenue. Each roadway segment was reviewed using guidelines established in the Caltrans Traffic Manual, with primary emphasis on safety and enforcement.

All of our current speed limits will remain unchanged with the exception of Burnett Avenue from Monterey Road to city limits. It is recommended that the speed limit on Burnett Avenue be increased from the existing speed limit of 30mph to 35mph. This increase is due in part to Burnett Avenue being upgraded from a rural standard two lane road to an arterial standard four lane road within the last year. Additionally, it is recommended that the newest section of Butterfield Boulevard from San Pedro Avenue to Tennant Avenue have a speed limit of 45mph. This is consistent with the other sections of Butterfield Boulevard and is supported by an engineering and traffic survey.

FISCAL/RESOURCE IMPACT: Funds for this study are budgeted within the Public Works operating budgets of Engineering Development (206-5410) and CIP administration (745-8280). Costs for new signs will be minimal since only two of the eighty-five segments will be affected and costs will be absorbed under the Streets (202-6100) operating budget. No additional staff resources will be required as a result of this study.

Agenda Item # 5

Prepared By:

Junior Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING DESIGNATED SPEED LIMITS AND REPEALING RESOLUTION NO. 5421

WHEREAS, as required by the California Vehicle Code, the City has conducted a new Engineering and Traffic Survey. The new limits for the hereinafter described streets segments are based on information obtained as part of this study; and

WHEREAS, Section 10.20.010 of the Municipal Code provides that the City Council may, by resolution, designate speed limits different from those prescribed by State law; and

WHEREAS, the new speed limits will facilitate the orderly movement of vehicular traffic, are reasonable and safe, and are declared the prima facie speed limit; now

THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill as follows:

Section 1: The City Council of the City of Morgan Hill has determined upon the basis of an engineering and traffic survey that the following speed limits will facilitate the orderly movement of vehicular traffic, are reasonable and safe and shall be deemed the prima facie speed limits on the designated streets in the City of Morgan Hill.

Twenty Five Miles Per Hour

Central Avenue from Butterfield Boulevard to Serene Drive
Cosmo Avenue from Del Monte Avenue to Monterey Road
Del Monte Avenue from West Dunne Avenue to Cosmo Road
East Dunne Avenue from Holiday Drive to Coyote Creek
Fountain Oaks Drive from Hill Road to Saddleback Drive
Fountain Oaks Drive from Saddleback Drive to Trail Drive
La Alameda Drive from La Crosse Drive to Watsonville Road
Llagas Road from Woodland Avenue to Castle Lake Drive
Monterey Road from Wright Avenue to Main Avenue
Monterey Road from Main Avenue to Dunne Avenue
Native Dancers Drive from Middle Avenue to Santa Teresa Boulevard
Peak Avenue from Wright Avenue to West Main Avenue
Saddleback Drive from East Dunne Avenue to Fountain Oaks Drive
Wright Avenue from Peak Avenue to Hale Avenue
Wright Avenue from Hale Avenue to Monterey Road

Thirty Miles Per Hour

Barrett Avenue from Railroad Avenue to US 101
Barrett Avenue from Trail Drive to Hill Road
Church Street from Tennant Avenue to East Dunne Avenue
Depot Street from East Main Avenue to East Dunne Avenue
Diana Avenue from Butterfield Boulevard to US 101
Juan Hernandez Drive from Barrett Avenue to Tennant Avenue

La Crosse Drive from Vineyard Boulevard to Vineyard Boulevard
Llagas Road from Castle Lake Drive to Teresa Lane
West Main Avenue from John Telfer Drive to Hale Avenue
West Main Avenue from Hale Avenue to Monterey Road
East Main Avenue from Monterey Road to Butterfield Boulevard
West Middle Avenue from Amberwood Lane to Walnut Drive
Mission View Drive from Cochrane Road to Saint Louise Hospital
Mission View Drive from Saint Louise Hospital
Old Monterey Road from Llagas Road to Monterey Road
Peak Avenue from West Main Avenue to West Dunne Avenue
Peebles Avenue from Monterey Road to City Limit
Spring Avenue from Dewitt Avenue to Monterey Road
Vineyard Boulevard from La Crosse Drive to Monterey Road

Thirty Five Miles Per Hour

Burnett Avenue from Monterey Road to City Limit
West Dunne Avenue from Peak Avenue to Monterey Road
East Dunne Avenue from Monterey Road to Butterfield Boulevard
East Dunne Avenue from Rustling Oak Court to Holiday Drive
West Edmundson Avenue from Olympic Drive to Monterey Road
Half Road from Mission View Drive to Elm Road
Madrone Parkway from Monterey to Cochrane Road
Monterey Road from Cochrane Road to Wright Avenue
Monterey Road from Dunne Avenue to Vineyard Boulevard
San Pedro Avenue from US 101 to Railroad Avenue
Tennant Avenue from Monterey Road to Vineyard Boulevard
Tilton Avenue from Dougherty Avenue to Monterey Road
Vineyard Boulevard from Mast Street to Tennant Avenue
Vineyard Boulevard from Tennant Avenue to Monterey Road

Forty Miles Per Hour

Cochrane Road from US 101 to Mission View Drive
Cochrane Road from Mission View Drive to Malaguerra Avenue
East Dunne Avenue from Butterfield Boulevard to Condit Road
East Dunne Avenue from Condit Road to Hill Road
East Dunne Avenue from Hill Road to Thomas Grade
East Dunne Avenue from Thomas Grade to Rustling Oak Court
Hale Avenue from Via Loma to Llagas Road
Hale Avenue from Llagas Road to Wright Avenue
Hale Avenue from Wright Avenue to West Main Avenue
Hill Road from East Main Avenue to East Dunne Avenue
Hill Road from East Dunne Avenue to Barrett Avenue
Llagas Road from Teresa Lane to Llagas Court
Llagas Road from Llagas Court to Hale Avenue
Llagas Road from Hale Avenue to Old Monterey Road
East Main Avenue from Butterfield Avenue to Serence Drive

East Main Avenue from Serene Drive to Condit Road
East Main Avenue from Condit Road to Elm Road
Railroad Avenue from San Pedro Avenue to Tennant Avenue
Sunnyside Avenue from Edmundson Avenue to Sycamore Avenue

Forty Five Miles Per Hour

Butterfield Boulevard from Tennant Avenue to Barrett Avenue
Butterfield Boulevard from Barrett Avenue to San Pedro Avenue
Butterfield Boulevard from San Pedro Avenue to East Dunne Avenue
Butterfield Boulevard from East Dunne Ave to Central Avenue
Butterfield Boulevard from Central to Cochrane Road
Cochrane Road from Monterey Road to US 101
Condit Road from City Limit to East Dunne Avenue
Condit Road from East Dunne Avenue to Tennant Avenue
Dewitt Avenue from West Dunne Avenue to Spring Avenue
Dewitt Avenue from Spring Avenue to Edmundson Avenue
Foothill Avenue from Maple Avenue to Robin Lane
Monterey Road from Peebles Avenue to Cochrane Road
Monterey Road from Vineyard Boulevard to Watsonville Road
Santa Teresa Boulevard from Watsonville Road to City Limit
Tennant Avenue from Vineyard Avenue to US 101
Watsonville Road from Santa Teresa Boulevard to Monterey Road

Fifty Miles Per Hour

Monterey Road from Watsonville Road to East Middle Avenue

Fifty Five Miles Per Hour

Monterey Road from City Limit to Peebles Avenue

Section 2: These speed limits shall be effective when appropriate signs giving notice thereof are erected upon the street.

Section 3: Resolution No. 5421 is hereby repealed.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 21st Day of September, 2005 by the following vote.

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

🏛️ CERTIFICATION 🏛️

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,
do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City
Council at a Regular Meeting held on September 21, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: SEPTEMBER 21, 2005

ACCEPTANCE OF BUTTERFIELD BOULEVARD AND SAN PEDRO AVENUE SEWER TRUNK PROJECT

RECOMMENDED ACTION(S):

1. Accept as complete the Butterfield Boulevard and San Pedro Avenue Sewer Trunk project in the final amount of \$333,455.
2. Direct the City Clerk to file the attached Notice of Completion with the County Recorder's Office.

EXECUTIVE SUMMARY: The construction contract for the Butterfield Boulevard and San Pedro Avenue Sewer Trunk project was awarded to McGuire and Hester by City Council at their March 23, 2005 meeting in the amount of \$303,190, plus a ten percent contingency of \$30,319.

The scope of work for the project included installing 24" PVC sewer pipe adjacent to Butterfield Boulevard between Main and Central, and installing 24" PVC sewer pipe in San Pedro Avenue between Butterfield and Railroad, including trenching, backfilling, compacting, testing, and all appurtenances to complete the work as described on the Plans and Specifications.

During construction, two change orders totaling \$30,265 were approved for unforeseen conditions. The final construction cost totaled \$333,455. The work was substantially complete by July 28, 2005 in accordance with the Contract, Plans and Specifications.

FISCAL IMPACT: The total construction cost was \$333,455. The project was funded from the Sewer Replacement Fund (643) for \$200,000 and from the un-appropriated Sewer Capital Expenditure Fund (AB1600) for \$133,500. The project was funded from the CIP Project Number 302I04 from fiscal year 2004-2005.

Agenda Item # 6

Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

Record at the request of
And when recorded mail to:

CITY OF MORGAN HILL
CITY CLERK
17555 Peak Avenue
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION
CITY OF MORGAN HILL

BUTTERFIELD BOULEVARD AND SAN PEDRO AVENUE SEWER TRUNK PROJECT

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, on the 21ST day of September, 2005, did file with the City Clerk of said City, the contract for performing work which was heretofore awarded to McGuire and Hester, on March 23, 2005, in accordance with the plans and specifications for said work filed with the City Clerk and approved by the City Council of said City.

That said improvements were substantially completed on September 9, 2005, accepted by the City Council on September 21, 2005, and that the name of the surety on the contractor's bond for labor and materials on said project is Western Surety Company.

That said improvements consisted of the construction and installation of all items of work provided to be done in said contract, all as more particularly described in the plans and specifications therefore approved by the City Council of said City.

Name and address of Owner: City of Morgan Hill
17555 Peak Avenue
Morgan Hill, California

Dated: _____, 20__.

Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk
City of Morgan Hill, CA
Date:



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

ACCEPTANCE OF PUBLIC IMPROVEMENTS FOR JASMINE SQUARE

RECOMMENDED ACTION(S):

1. Adopt the attached resolution accepting the public improvements for the project commonly known as Jasmine Square.
2. Direct the City Clerk to file a Notice of Completion with the County Recorder's office.

EXECUTIVE SUMMARY:

Jasmine Square is a mixed use project located on the east side of Monterey Road just south of the post office (see attached location map). The public improvements have been completed in accordance with the requirements of the Improvement Agreement between the City of Morgan Hill and Church and Monterey Road Associates, dated October 20, 2003 and as specifically set forth in the plans and specifications approved by the City.

FISCAL/RESOURCE IMPACT: Staff time for this project was paid for by development fees.

Agenda Item # 7

Prepared By:

Senior Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL ACCEPTING THE PUBLIC IMPROVEMENTS
FOR JASMINE SQUARE**

WHEREAS, the developers of Jasmine Square, entered into a Improvement Agreement on October 20, 2003: and

WHEREAS, Jim Ashcraft, City Engineer, has certified in writing to the City Council that all of said improvements have been installed according to the City specifications and plans for said project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, AS FOLLOWS:

1. The City Council hereby finds and determines that all public improvements required to be constructed pursuant to the above-mentioned Improvement Agreement have been completed in accordance with the plans and specifications for said improvements.
2. This resolution shall constitute an interim acceptance of all said public improvements and the date of its passage shall constitute the starting day for computing the one year maintenance provisions referred to in Paragraph 10 of the Improvement Agreement of October 20, 2003.
3. The City Clerk, following adoption of this resolution, will file with the Recorder of Santa Clara County, California a Notice of Completion of the public improvements.
4. If requested by the developer the City Clerk hereby is authorized to record a certified copy of this resolution with the Recorder of Santa Clara County, California.

PASSED AND ADOPTED this 21st day of September, 2005.

AYES:
NOES:
ABSTAIN:
ABSENT:

CERTIFICATION

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of September 21, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

Record at the request of
and when recorded mail to:

CITY OF MORGAN HILL
CITY CLERK
17555 Peak Avenue
Morgan Hill, CA 95037

RECORD AT NO FEE PURSUANT TO GOVERNMENT CODE SECTION 27383

NOTICE OF COMPLETION

CITY OF MORGAN HILL

JASMINE SQUARE

NOTICE IS HEREBY GIVEN, pursuant to Section 3093 of the Civil Code of the State of California, that the Director of Public Works of the City of Morgan Hill, California, signed below, represents the City of Morgan Hill as the owner of the public improvements for the above named development. Said improvements were substantially completed on September 8, 2005 by Church and Monterey Road Associates, the developer of record and accepted by the City Council on September 21, 2005. Said improvements consisted of public streets, utilities and appurtenances.

The name of the surety on the contractor's bond for labor and materials on said project is Insurance Company of the West.

Name and address of Owner: City of Morgan Hill
17555 Peak Avenue
Morgan Hill, California

Dated: _____, 2005.

Jim Ashcraft, Director of Public Works

I certify under penalty of perjury that the foregoing is true and correct.

Irma Torrez, City Clerk
City of Morgan Hill, CA
Date:



CITY COUNCIL STAFF REPORT

MEETING DATE: *September 21, 2005*

AMEND REIMBURSEMENT AGREEMENT FOR UNDERGROUNDING OF OVERHEAD UTILITIES BY SHAW DEVELOPMENT (AKA: SHAW REAL ESTATE, INC.)

RECOMMENDED ACTION:

1. Appropriate \$9,898 from unappropriated Underground Utility fund balance (350); and
2. Approve attached amended Reimbursement Agreement, thereby approving reimbursement of \$56,938 to developer for undergrounding overhead utilities along the south side of E. Dunne Avenue west of Walnut Grove, subsequent to review and approval by the City Attorney.

EXECUTIVE SUMMARY: On April 6, 2005, the City Council approved a reimbursement agreement with Shaw Development for the undergrounding of overhead utilities along E. Dunne from San Benancio Way to Walnut Grove (see attached location map). The reimbursement agreement includes the undergrounding of 540 lineal feet of overhead utility lines along Dunne Ave. to the east of the developer's project frontage. This work is being done to complete the final section of undergrounding of overhead utilities along this stretch of E. Dunne Ave. The approved reimbursement agreement had the City reimbursing the developer \$47,010 upon completion of the construction and acceptance of the work by the City and PG&E. However, prior to the start of construction it was discovered that a conduit for cable TV had not been included in the trench design. The cost to do this additional work is \$12,360. The City's share of this extra cost is \$9,898. Therefore, the revised reimbursement amount owed the developer is \$56,938.

Staff recommends that the City approve the amended Reimbursement Agreement and allocate the funds from the Underground Utility Fund.

FISCAL/RESOURCE IMPACT: The additional project cost of \$9,898 will be appropriated from unappropriated Underground Utilities fund balance (350).

Agenda Item #8

Prepared By:

Senior Civil Engineer

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: *September 21, 2005*

INDOOR RECREATION CENTER PROJECT – AUGUST CONSTRUCTION PROGRESS REPORT

RECOMMENDED ACTION(S): *Information Only*

EXECUTIVE SUMMARY:

Previous Council action awarded the contract for construction of the Indoor Recreation Center Project to West Coast Contractors, Inc. At that time, staff informed Council that we would report monthly on the progress of the construction. Attached is the progress report for the month of August. This report has been sent to our webmaster for posting on the City's website. Current construction activity can be viewed live on the internet at www.novapartners.com/mhirc

The contractor has made good progress erecting approximately 90% of the building's first "lift" (48" high) of masonry block walls. They have also begun the site "winterization" process by completing the grading of the parking lot and drives. We expect concrete curb and gutter installation to be completed this month in order to begin installation of the baserock and asphalt pavement shortly thereafter. Barring any unforeseen circumstances, the anticipated Grand Opening is September 5, 2006. The project is currently on schedule and within budget.

FISCAL/RESOURCE IMPACT: None

Agenda Item # 9

Prepared By:

Sr. Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: SEPTEMBER 21, 2005

APPROVE FIRST AMENDMENT TO THE SPORTS MANAGEMENT GROUP CONSULTANT AGREEMENT FOR INDOOR RECREATION CENTER

RECOMMENDED ACTION(S):

1. Authorize City Manager to amend The Sports Management Group's consultant agreement for an additional \$10,000 for updating operating & revenue analysis, equipment specification and drawings and to assist the staff in FF&E procurement.

EXECUTIVE SUMMARY:

The consultant agreement for the Morgan Hill Indoor Recreation Center was awarded to The Sports Management Group (TSMG) by the City Council at their August 20, 2003, meeting in the amount of \$65,000. Included within that agreement TSMG provided planning support, operating budget analysis, market analysis and revenue development.

Staff is requesting a first amendment to TSMG agreement in the amount of \$10,000. This amendment is to provide an up date to operating costs, provide a new furniture and equipment layout based on the final building design and assist in the FF&E procurement for the facility. This amount is included in the current overall project budget. The breakdown for the additional services is as follows:

1. Update operational costs - \$5,000.
2. Update equipment layout -\$ 500.
3. FF&E assistance and reimbursable expenses - \$4,500.

FISCAL IMPACT:

This project is funded as part of the CIP Budget. Sufficient funds exist within the project contingency for the proposed additional services.

Agenda Item # 10

Prepared By:

Sr. Project Manager

Approved By:

**Special Assistant to the
City Manager**

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

Agenda Item # 11

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1737, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH AN R-2 3,500/RESIDENTIAL PLANNED DEVELOPMENT ON A 7.06 ACRE SITE LOCATED ON THE SOUTHWEST CORNER OF THE INTERSECTION OF BARRETT AVENUE AND SAN RAMON DRIVE (APN 817-33-003)

RECOMMENDED ACTION(S):

Waive the Reading, and **Adopt** Ordinance No. 1737, New Series, and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On September 7, 2005, the City Council Introduced Ordinance No. 1737, New Series, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1737, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH AN R-2 3,500/RESIDENTIAL PLANNED DEVELOPMENT ON A 7.06 ACRE SITE LOCATED ON THE SOUTHWEST CORNER OF THE INTERSECTION OF BARRETT AVENUE AND SAN RAMON DRIVE (APN 817-33-003)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The proposed zoning amendment is consistent with the Zoning Ordinance and the General Plan.

SECTION 2. The zone change is required in order to serve the public convenience, necessity and general welfare as provided in Section 18.62.050 of the Municipal Code.

SECTION 3. An environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A mitigated Negative Declaration will be filed.

SECTION 4. The City Council finds that the proposed R-2 RPD Overlay District is consistent with the criteria specified in Chapter 18.18 of the Morgan Hill Municipal Code.

SECTION 5. The City Council hereby approves a precise development plan as contained in that certain series of documents dated July 8, 2005 (date of receipt by the Community Development Department) on file in the Community Development Department, entitled "Villas of San Marcos Site Plan" prepared by Hanna & Brunnetti and as amended as follows:

(1) A phasing plan shall be reviewed and approved by staff which: 1) clearly defines phases I as 18 units, phase II as 5 units and phase III as 13. 2) Provides 2 Below Market Rate (BMR) and 2 moderate rate units in Phase I, one BMR and 0 moderates in phase II, and 2 BMRs and 2 moderates in phase III; and 3) installation of the park landscaping and the tot lot amenity within phase I park improvements.

(2) Additional floor plan and/or additional elevations shall be added to provide a repeat factor of 3.5 or less. All floor plans & elevation shall be reviewed by the Architectural and Site Review Board prior to final map approval.

These documents, as further amended by site and architectural review, show the exact location and sizes of all lots in this development and the location and dimensions of all proposed buildings, vehicle and pedestrian circulation ways, recreational amenities, parking areas, landscape areas and any other purposeful uses on the project.

SECTION 6. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 7. Effective Date Publication. This ordinance shall take effect thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced at the regular meeting of the City Council of the City of Morgan Hill held on the 7th Day of September 2005, and was finally adopted at a regular meeting of said Council on the Day of September 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1737, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of September 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



Prepared by Community Development Department

VICINITY MAP

ZA-04-16\DA-04-05: Barrett-Odishoo
APN 817-33-003



R:\PLANNING\Maps\Illustrator maps\Vicinity Maps\Zoning Amendment\ZA-04-16\DA-04-05: Barrett-Odishoo.pdf



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

Agenda Item # 12

Prepared By:

Deputy City Clerk

Approved By:

City Clerk

Submitted By:

City Manager

ADOPT ORDINANCE NO. 1738, NEW SERIES, AS AMENDED

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT APPLICATION, DA-04-05 FOR APPLICATIONS MP-02-22 and MC-04-13: BARRETT-ODISHOO (APN 817-33-003)

RECOMMENDED ACTION(S):

Waive the Reading, and **Adopt** Ordinance No. 1738, New Series, As Amended; and **Declare** That Said Title, Which Appears on the Public Agenda, Shall Be Determined to Have Been Read by Title and Further Reading Waived.

EXECUTIVE SUMMARY:

On September 7, 2005, the City Council Introduced Ordinance No. 1738, New Series, As Amended, by the Following Roll Call Vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.

FISCAL IMPACT:

None. Filing fees were paid to the City to cover the cost of processing this application.

ORDINANCE NO. 1738, NEW SERIES

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT APPLICATION, DA-04-05 FOR APPLICATIONS MP-02-22 AND MC-04-13: BARRETT-ODISHOO (APN 817-33-003)

THE CITY COUNCIL OF THE CITY OF MORGAN HILL DOES HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The City Council has adopted Resolution No. 4028 establishing a procedure for processing Development Agreements for projects receiving allotments through the Residential Development Control System, Title 18, Chapter 18.78 of the Municipal Code.

SECTION 2. The California Government Code Sections 65864 thru 65869.5 authorizes the City of Morgan Hill to enter into binding Development Agreements with persons having legal or equitable interests in real property for the development of such property.

SECTION 3. The Planning Commission, pursuant to Chapter 18.78.125 of the Morgan Hill Municipal Code, awarded building allocations for fiscal years 2005-2006 thru 2008-2009 to that certain project herein after described as follows:

<u>Project</u>	<u>Total Dwellings</u>
MP-02-22: Barrett-Odishoo	FY 2005-2006 (5 units)
MC-04-13: Barrett-Odishoo	FY 2006-07 (13 units)
	FY 2007-08 (5 units)
	FY 2008-09 (13 units)

SECTION 4. References are hereby made to certain Agreements on file in the office of the City Clerk of the City of Morgan Hill. These documents to be signed by the City of Morgan Hill and the property owner set forth in detail and development schedule, the types of homes, and the specific restrictions on the development of the subject property. Said Agreement herein above referred to shall be binding on all future owners and developers as well as the present owners of the lands, and any substantial change can be made only after further public hearings before the Planning Commission and the City Council of this City.

SECTION 5. The City Council hereby finds that the development proposal and agreement approved by this ordinance is compatible with the goals, objectives, policies, and land uses designated by the General Plan of the City of Morgan Hill.

SECTION 6. Authority is hereby granted for the City Manager to execute all development agreements approved by the City Council during the Public Hearing Process.

SECTION 7. Severability. If any part of this Ordinance is held to be invalid or inapplicable to any situation by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or the applicability of this Ordinance to other situations.

SECTION 8. Effective Date Publication. This ordinance shall take effect from and after thirty (30) days after the date of its adoption. The City Clerk is hereby directed to publish this ordinance pursuant to §36933 of the Government Code.

The foregoing ordinance was introduced, as amended, at the regular meeting of the City Council of the City of Morgan Hill held on the 7th Day of September 2005, and was finally adopted at a regular meeting of said Council on the Day of September 2005, and said ordinance was duly passed and adopted in accordance with law by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

ATTEST:

APPROVED:

Irma Torrez, City Clerk

Dennis Kennedy, Mayor

∞ CERTIFICATE OF THE CITY CLERK ∞

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Ordinance No. 1738, New Series, adopted by the City Council of the City of Morgan Hill, California at their regular meeting held on the Day of September 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: September 21, 2005

ANNEXATION APPLICATION, ANX-01-04: CLAYTON-MERLANO

RECOMMENDED ACTION(S):

1. Adopt Resolution approving Annexation.

EXECUTIVE SUMMARY:

On July 27, 2004, the City Council approved Resolution No. 5933 to annex a parcel totaling 5.29 acres into the City of Morgan Hill. A copy of the approved and certified Resolution No. 5933 and Exhibit B will be attached for the Council review.

During the LAFCO review process for the finalization of this annexation; it was determined that a older version of the map and legal description was included with the certified resolution. After discussions with the City Clerk's office and the City Attorney, it was recommended that the resolution be taken to Council with the correct map and legal description. The attached map and legal description includes the same area within an increased level of detail. This application is a request to replace the previously map and legal description with the more accurate map and legal description of the Clayton Annexation No. 2. The project site is located on the east side of Clayton Avenue and south side of Peebles Avenue.

FISCAL IMPACT: None. Filing fees were paid to the City to cover the cost of processing this application.

Attachments:

1. July 27, 2005 City Council Staff Report

Agenda Item #13

Prepared By:

**Planning Intern
Approved By:**

**Community
Development Director**

Submitted By:

City Manager

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL REPLACING AND SUPERCEDING RESOLUTION NO. 5933 MAKING DETERMINATIONS AND APPROVING THE REORGANIZATION OF CERTAIN TERRITORY DESIGNATED “CLAYTON ANNEXATION NO. 2”, APPROXIMATELY 5.29 ACRES LOCATED ON THE EAST SIDE OF CLAYTON AVENUE AND SOUTH SIDE OF PEEBLES AVENUE, AND WITHDRAWAL OF SAID TERRITORY FROM THE SOUTH SANTA CLARA COUNTY FIRE PROTECTION DISTRICT. (APN 726-36-045, 726-36-060 AND 728-37-008)

WHEREAS, a written petition has been filed in the office of the City Clerk of the City of Morgan Hill in accordance the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, annexing into the City of Morgan Hill certain territory located in the County of Santa Clara, State of California, designated as “Clayton Annexation No. 2” and as shown and described in attached Exhibits A, B & C, incorporated herein by reference; and

WHEREAS, said petition has been signed and consented to by George Merlano, the owners of the land in the territory proposed to be annexed; and

WHEREAS, Government Code Section 56663(a) provides that if a petition for annexation is signed by all owners of land within the affected territory, the City Council may approve or deny the annexation without public hearing; and

WHEREAS, evidence was presented to the City Council;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORGAN HILL, CALIFORNIA, RESOLVES AS FOLLOWS:

SECTION 1: The City Council of the City of Morgan Hill is the conducting authority pursuant to Section 56757 of the Government Code for the annexation of property designated “Clayton Annexation No. 2”, more particularly described in Exhibits “A” and “B”;

SECTION 2: Pursuant to Sections 56800 and 56828 of the California Government Code, the City Council of the City of Morgan Hill hereby annexes to the City of Morgan Hill the uninhabited territory particularly described in the attached Exhibit “A”, which is incorporated herein by reference, and hereby designated as “Clayton Annexation No. 2”.

SECTION 3: The territory is hereby detached from the South Santa Clara County Fire Protection District in accordance with Section 13952 of the California Health and Safety Code (APN 726-36-045, 726-36-060 AND 728-37-008).

SECTION 4: The following Findings are made by the City Council of the City of Morgan Hill:

- a. The said territory is uninhabited and comprised of approximately 5.29 acres.
- b. The said territory is within the City's Urban Service Area as adopted by the Local Agency Formation Commission of Santa Clara County.
- c. The annexation is consistent with the orderly annexation of territory within the City's Urban Service Area and is consistent with the City policy of annexing when all city services can be provided.
- d. An expanded environmental initial study has been prepared for this application and has been found complete, correct and in substantial compliance with the requirements of California Environmental Quality Act. A Mitigated Negative Declaration has been filed.
- e. The County Surveyor has determined the boundaries of the proposed annexation to be definite and certain, and in compliance with the Commission's road annexation policies.
- f. The said territory is within the City's Urban Growth Boundary.
- g. The proposed annexation does not create islands or areas in which it would be difficult to provide municipal services.
- h. The proposed annexation does not split lines of assessment or ownership.
- i. The proposed annexation is consistent with the General Plan.
- j. The said territory to be annexed is contiguous to existing City limits.
- k. The Planning Commission on June 10, 2003, enacted Resolution No. 03-45 recommending the alteration of the boundaries of the City of Morgan Hill by annexation of Clayton Annexation No. 2 and withdrawal of said territory from the South Santa Clara County Fire Protection District.
- l. The Planning Commission on June 10, 2003, enacted Resolution No. 03-45 recommending reorganization of the subject territory.
- m. The City has complied with all conditions for annexation imposed by the Planning Commission.

SECTION 5: This Resolution replaces and supercedes Resolution No. 5933.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 21st Day of September, 2005 by the following vote.

AYES: **COUNCIL MEMBERS:**
NOES: **COUNCIL MEMBERS:**
ABSTAIN: **COUNCIL MEMBERS:**
ABSENT: **COUNCIL MEMBERS:**

🦉 CERTIFICATION 🦉

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Regular Meeting held on September 21, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk

EXHIBIT "A"

Annexation to: The City of Morgan Hill
Name of Annexation: Clayton Annexation No. 2
Date: April 14, 2005

In the County Of Santa Clara, State of California, more particularly described as follows:

Beginning at the most easterly corner of that certain Annexation to the City of Morgan Hill entitled "Clayton Annexation No. 1" Ordinance No. 87, N.S.; thence along said Annexations southeasterly boundary, coincident with the southeasterly right of way of Peebles Avenue (60.00 feet in width), S51°55'00"W 220.06 feet to the northerly corner of that certain annexation to the City of Morgan Hill entitled "Madrone Annexation No. 9", accepted August 6, 1997 by the City of Morgan Hill and filed for record September 17, 1997, Instrument No. 13861280 Santa Clara County Records; Thence along the northeasterly line of said annexation, coincident with the northeasterly right of way of Clayton Avenue (60.00 feet in width), S39°30'00"E 739.93 feet; thence leaving said right of way and continuing along said annexation S51°55'00"W 280.73 feet; thence S39°30'00"E 142.63 feet to the most easterly corner of said annexation, coincident with the northwesterly boundary of that certain annexation to the City of Morgan Hill entitled "Madrone Annexation No. 1", accepted September 16, 1958 by said City; thence leaving said easterly corner along said northwesterly boundary N51°02'41"E 500.66 feet; thence leaving said northwesterly boundary and running parallel with and distant 220.00 feet from the northeasterly right of way of said Clayton Avenue N39°30'00"W 874.94 feet to the point of beginning.

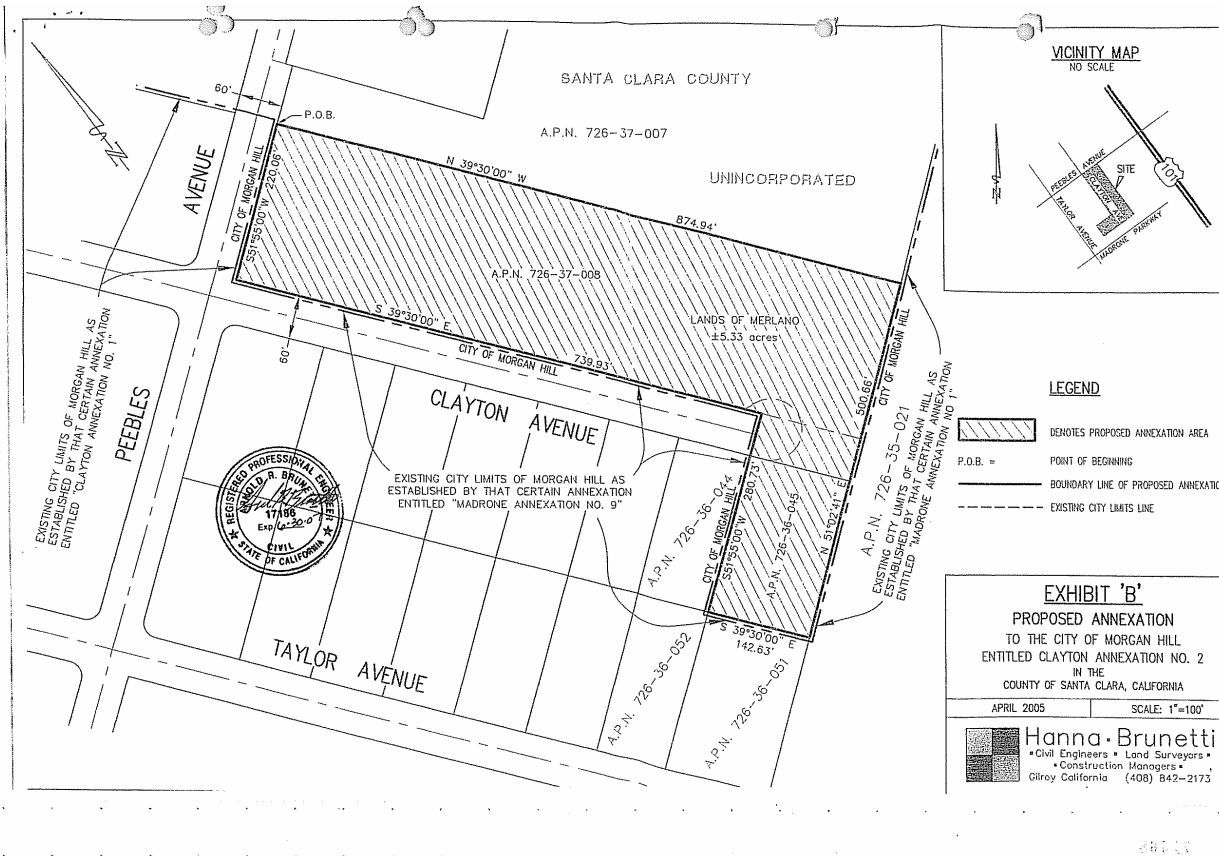
Containing therein 5.33 acres of land more or less.

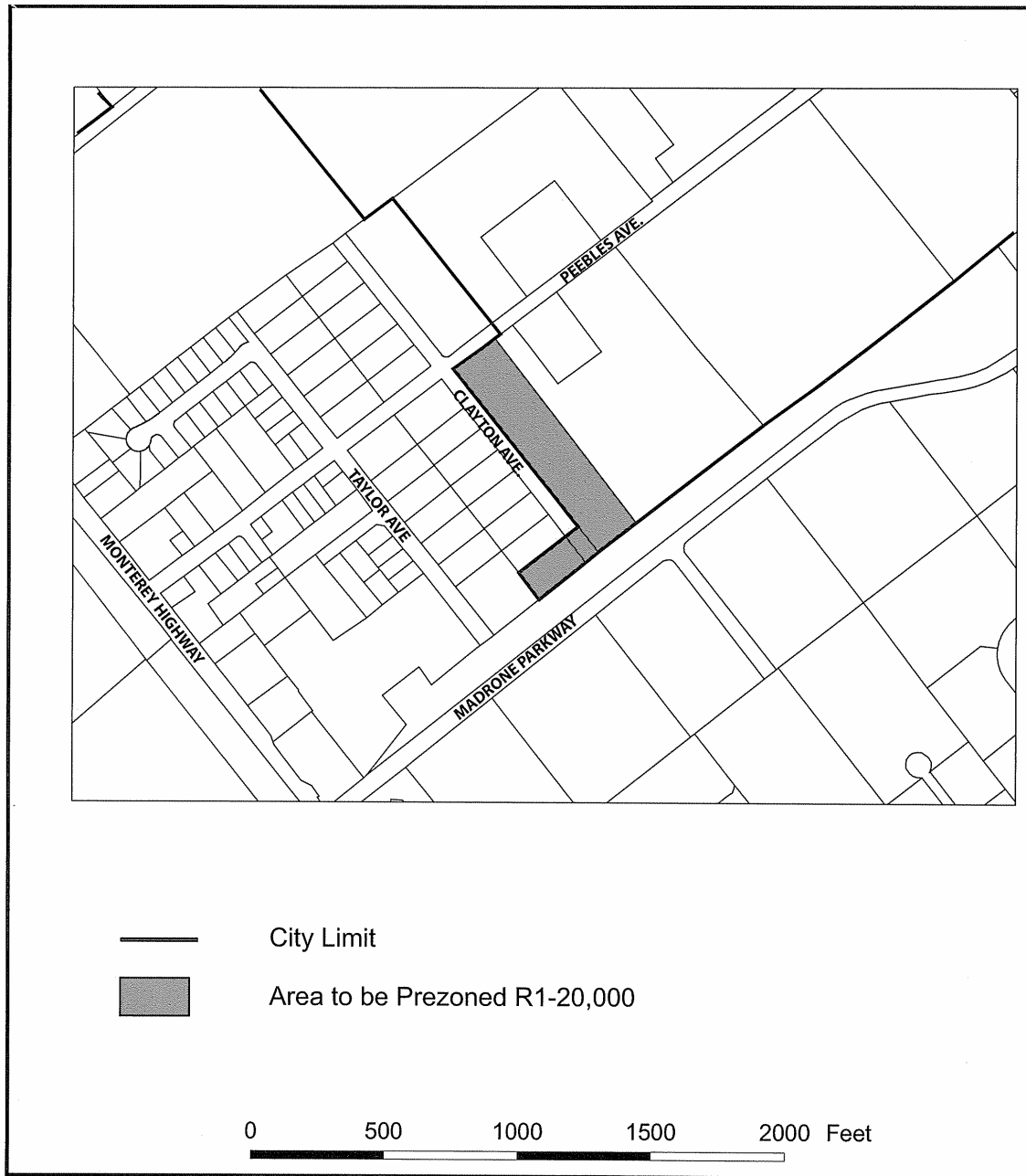
See EXHIBIT "B" attached hereto and made a part hereof.



Revisions: 5-17-05

By: Arnold R. Brunetti







CITY COUNCIL STAFF REPORT

MEETING DATE: SEPTEMBER 21, 2005

TITLE: FY 2004/05 YEAR-END BUDGET AMENDMENTS

RECOMMENDED ACTION(S):

- 1) Increase FY04/05 Budget Appropriations as shown in Exhibit A.**

EXECUTIVE SUMMARY:

In August/September of every year, staff requests that the City Council take action on final budget amendments to the prior year to assure that prior year's expenditures are below prior year's Council approved budget appropriations.

In Fiscal Year 2004/05, there were several unanticipated costs which resulted in expenditures exceeding budget appropriations. Staff recommends that the City Council increase FY04/05 Budget Appropriations to line items indicated in Exhibit A, attached. A brief description of each line item is also explained.

FISCAL IMPACT:

Available fund balances were sufficient to cover the increased costs.

Agenda Item # 14
Prepared By:
Budget Manager
Approved By:
Finance Director
Submitted By:
City Manager

FY04/05 YEAR-END BUDGET AMENDMENTS

Attachment A

Account	Description	Year-End Expenditures & Encumbrances	Original Budget	Recommended Budget	Note
010.1900.49243	Transfer from GF to Community Center Startup Fund (210)	100,000	50,000	100,000	Continue to build start-up reserves for the Indoor Recreation Center
010.2200.41490	Human Resources-Overtime	13,481	6,000	14,000	Reduced staffing along with increased recruitments required use of overtime to maintain daily operations
202.8050.86360	Streets Fund-CIP	541,161	523,335	543,335	CIP Projects – Bike Loop, Bike Lanes, Street Resurfacing, Emergency Street Repairs
206.5120.42231	Planning-Contract Services	213,147	171,482	181,482	Higher than anticipated expenses for ULL study, Design review, Downtown Plan, etc. Planning supplies and services is over budget by less than \$10,000 overall. This recommended budget increase is all that is needed.
229.8351.42231	Lighting & Landscaping District	93,084	66,000	82,500	Higher landscape maintenance costs
317.7000.42293	BAHS Admin-County Prop Tax Admin	294,487	140,000	295,000	Actuals higher than budget projections
346.8049.44996	Public Facilities (Non AB1600)-Debt Issuance Costs	176,953	0	176,953	Unbudgeted costs related to issuance of bond for Police Facility
346.8049.44997	Public Facilities (Non AB1600)-Bond Discount	152,034	0	152,034	Unbudgeted costs related to issuance of bond for Police Facility
441.3260.44991	PD Bond Debt Svs-Interest	122,132	0	122,132	Unbudgeted costs related to issuance of bond for Police Facility
441.3260.44995	PD Bond Debt Svs-Service Fees	215	0	215	Unbudgeted costs related to issuance of bond for Police Facility
653.8120.44991	Water System Replacement Fund-Interest	62,235	0	62,235	Unbudgeted costs related to issuance of Water Revenue Bond
653.8120.44991	Water System Replacement Fund-Interest	47,586	0	47,586	Unbudgeted costs related to issuance of Water Revenue Bond
653.8120.44991	Water System Replacement Fund-Interest	59,440	0	59,440	Unbudgeted costs related to issuance of Water Revenue Bond
740.5150.42208	Building Maintenance (Fund)-Electric	182,676	145,000	183,000	Higher electricity costs than projected. Please note that, even though we are increasing the budget within this internal service fund, we are not increasing any departmental budgets of all other funds, because other departments/programs have enough budget savings to cover these higher expenditures.
740.5150.42210	Building Maintenance (Fund)-Water/Sewer	42,003	0	42,000	



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: *September 21, 2005*

AUGUST 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of August 2005. The report covers activity for the first two months of the 2005/2006 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item #15

Prepared By:

Finance Director

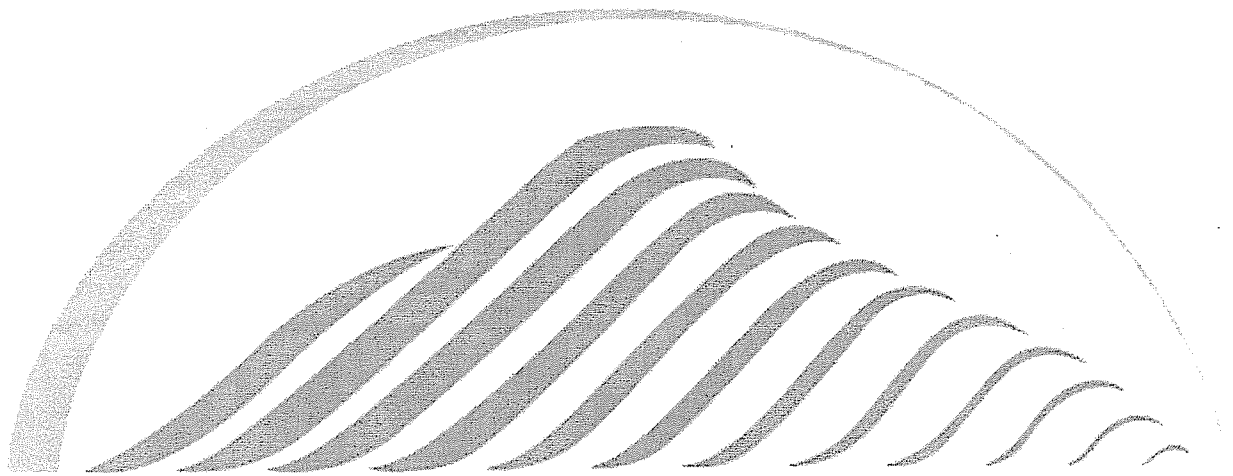
Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

August 31, 2005 – 17% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2005/06
FOR THE MONTH OF AUGUST 2005 - 17% OF YEAR COMPLETE

Revenues

Through August 31, the Redevelopment Agency received \$289,209 in property tax increment revenues. Most property tax increment revenues are received in December and April. The Redevelopment Agency, as of August 31, 2005, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$78,954,480, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2005/2006 were collected under the plan amendment.

An amount of \$659,038 in interest earnings and other income was received through August. This total includes \$650,000 received by the Agency for the sale of the old police facility. Additional interest earnings for July and August have not yet been apportioned, but will be following the quarter ending September 30.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$7,084,876 and were 25% of budget. Of this total, \$4,932,241 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 8% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 19% of budget. Through August, CIP project expenditures totaled \$1,479,692, including \$112,000 on Aquatics improvements, \$79,000 on the Library, and \$1,279,000 on the Indoor Recreation Center. In addition, the Agency spent \$350,000 moving the Acton House/Museum.

Expenditures plus encumbrances for Housing were at 14% of the budget for a total of \$1,448,638. All of the 2005/06 housing related expenditures have been funded with tax increment collected under the plan amendment.

Fund Balance

The unreserved fund balance of \$4,860,785 for the Capital Projects Fund at August 31, 2005, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$2.7 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments are subtracted from the \$4,860,785, the remaining unreserved fund balance at July 31 would be \$550,785. However, these commitments are expected to be paid out over the next 2 to 3 years. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at August 31 was \$9,828,318.

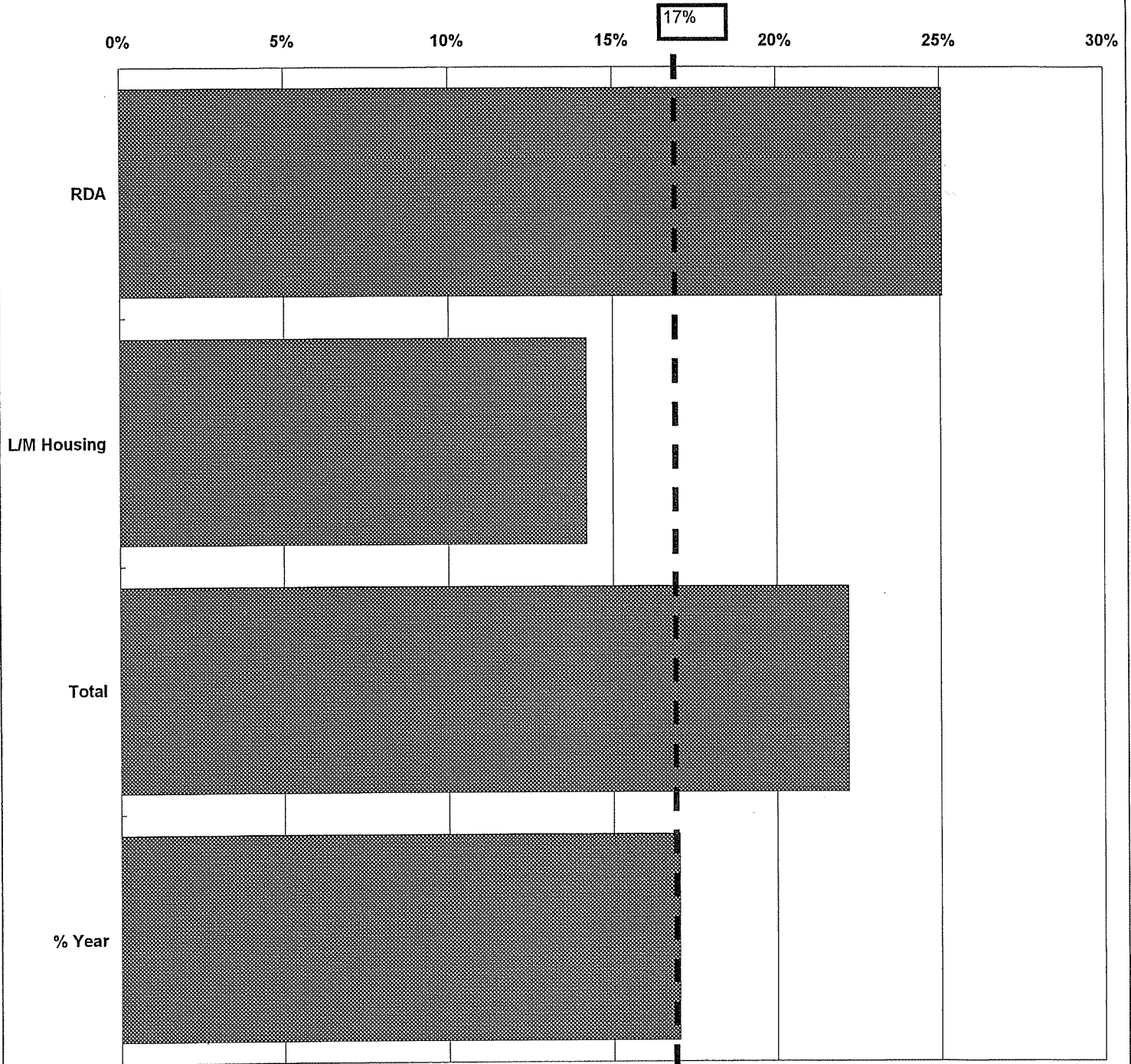
The unreserved fund balance of \$5,227,680 for the Housing Fund at August 31 consisted of funds all collected under the plan amendment.



Redevelopment Agency YTD Expenditures

August 31, 2005

Percent of Actual to Budget



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$28,279,211	\$7,084,876	25%
HOUSING	10,191,842	1,448,638	14%
TOTALS	\$38,471,053	\$8,533,514	22%



Redevelopment Agency YTD Revenues

August 31, 2005

17%

Percent of Actual to Budget

0% 2% 4% 6% 8% 10% 12% 14% 16% 18%

Property Tax

Interest/Other

Total Revs

% Year

REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$19,574,636	\$289,209	2%	\$91,930	215%
INTEREST INCOME/RENTS/OTHER	#VALUE!	\$659,038	#VALUE!	\$5,766	11330%
TOTALS	\$24,380,033	\$948,247	4%	\$97,696	871%

Redevelopment Agency
Fund Balance Report - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Complete



Fund No.	Fund	Unaudited Fund Balance 06-30-05	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$11,130,482	886,228	4%	2,152,635	8%	(1,266,407)	5,003,290	4,860,785	\$9,828,318	
327/328	HOUSING	\$6,614,299	62,019	1%	1,385,277	14%	(1,323,258)	63,361	\$5,227,880	\$5,575,245	
TOTAL CAPITAL PROJECT FUNDS		\$17,744,781	948,247	4%	3,537,912	9%	(2,589,665)	5,066,651	10,088,465	15,403,563	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$17,744,781	948,247	4%	3,537,912	9%	(2,589,665)	5,066,651	10,088,465	15,403,563	
	TOTAL ALL GROUPS	\$17,744,781	948,247	4%	3,537,912	9%	(2,589,665)	5,066,651	10,088,465	15,403,563	
	TOTAL CASH AND INVESTMENTS									15,403,563	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
 Year to Date Revenues - Fiscal Year 2005/06
 For the Month of August 2005
 17% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	15,169,461	15,169,461	231,367	2%	73,544	157,823	215%
Loan Proceeds	4,500,000	4,500,000	-	n/a	-	-	n/a
Interest Income, Rents	297,947	297,947	2,189	1%	1,910	279	15%
Other Agencies/Current Charges	-	-	652,672	n/a	3,629	649,043	17885%
TOTAL CAPITAL PROJECTS	19,967,408	19,967,408	886,228	4%	79,083	807,145	1021%
327/328 HOUSING							
Property Taxes & Supplemental Roll	4,402,175	4,402,175	57,842	1%	18,386	39,456	215%
Interest Income, Rent	10,450	10,450	2,325	22%	167	2,158	1292%
Other	-	-	1,852	na	60	1,792	2987%
TOTAL HOUSING	4,412,625	4,412,625	62,019	1%	18,613	43,406	233%
TOTAL CAPITAL PROJECTS FUNDS	24,380,033	24,380,033	948,247	4%	97,696	850,551	871%



Redevelopment Agency
 Year to Date Expenditures - Fiscal Year 2005/06
 For the Month of August 2005
 17% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	124,448	1,576,311	1,576,311	233,354	58,379	291,733	19%
	BAHS Economic Developme	437,632	3,993,900	3,993,900	439,589	424,026	863,615	22%
	BAHS CIP	<u>1,466,184</u>	<u>22,709,000</u>	<u>22,709,000</u>	<u>1,479,692</u>	<u>4,449,836</u>	<u>5,929,528</u>	<u>26%</u>
	TOTAL CAPITAL PROJECTS	<u>2,028,264</u>	<u>28,279,211</u>	<u>28,279,211</u>	<u>2,152,635</u>	<u>4,932,241</u>	<u>7,084,876</u>	<u>25%</u>
327 AND 328 HOUSING								
	Housing	<u>1,321,990</u>	<u>10,191,842</u>	<u>10,191,842</u>	<u>1,385,277</u>	<u>63,361</u>	<u>1,448,638</u>	<u>14%</u>
	TOTAL HOUSING	<u>1,321,990</u>	<u>10,191,842</u>	<u>10,191,842</u>	<u>1,385,277</u>	<u>63,361</u>	<u>1,448,638</u>	<u>14%</u>
TOTAL CAPITAL PROJECT FUNDS		<u>3,350,254</u>	<u>38,471,053</u>	<u>38,471,053</u>	<u>3,537,912</u>	<u>4,995,602</u>	<u>8,533,514</u>	<u>22%</u>



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2005/06
For the Month of August 2005
17% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and Investments:		
Unrestricted	9,828,318	5,575,245
Accounts Receivable	25,999	
Loans Receivable ¹	3,590,774	28,289,246
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets		
Total Assets	13,516,140	33,864,491
LIABILITIES		
Accounts Payable and Accrued Liabilities	22,668	24,187
Deferred Revenue ³	3,629,397	28,549,263
Accrued Vacation and Comp Time		
Total liabilities	3,652,065	28,573,450
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	4,932,241	63,361
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable		
Total Reserved Fund balance	5,003,290	63,361
Unreserved Fund Balance	4,860,785	5,227,680
Total Fund Balance	9,864,075	5,291,041
Total Liabilities and Fund Balance	13,516,140	33,864,491

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



REDEVELOPMENT AGENCY

MEETING DATE: *September 21, 2005*

Agenda Item #16

Prepared By:

BAHS Analyst

Approved By:

BAHS Director

Submitted By:

Executive Director

LOAN TO SOUTH COUNTY HOUSING FOR VIA CIOLINO

RECOMMENDED ACTION(S): Authorize the Executive Director to do everything necessary and appropriate to prepare and execute, subject to legal review, a loan agreement with South County Housing in an amount not to exceed \$50,000 for the demolition of commercial structures at the southwest corner of Ciolino Avenue and Monterey Road

EXECUTIVE SUMMARY:

In 2001, South County Housing (SCH) completed the award winning Via Ciolino apartments. The development eliminated 28 blighted units located on Ciolino Avenue behind the "Albertson's Center" and replaced it with 42 affordable family units. The Agency loaned SCH \$2.375 M to construct the project.

The final project consists of two parcels (see map, APN 767-09-029 &028). The smaller parcel located at the southwest corner of Monterey Rd. and Ciolino Ave has a commercial designation. As a condition of approval for the project, the City required South County Housing to agree to demolish the existing two commercial buildings on the site within five years of completion of the housing project or upon vacancy of the commercial units, whichever occurred first.

Both commercial buildings are now vacant and South County is seeking a short-term loan of up to \$50,000 to demolish the structures and clear the site. Staff is recommending a loan in an amount not to exceed the requested \$50,000. The key loan terms are as follows:

- Fully deferred
- Accrues interest at a rate of 3% simple interest
- Principal and interest due in 12 months or upon sale of the property, whichever is sooner
- Secured by the property

SCH indicates this financing would help reduce their costs and enable them to demolish the buildings and clear the site sooner than required.

FISCAL IMPACT: Sufficient funds are available in the BAHS FY05-06 Economic Development (317) Budget.



REDEVELOPMENT AGENCY

MEETING DATE: *September 21, 2005*

Agenda Item #17

Prepared By:

BAHS Analyst

Approved By:

BAHS Director

Submitted By:

Executive Director

LOAN TO SOUTH COUNTY HOUSING FOR VIA CIOLINO

RECOMMENDED ACTION(S): Authorize the Executive Director to do everything necessary and appropriate to prepare and execute, subject to legal review, a loan agreement with South County Housing in an amount not to exceed \$50,000 for the demolition of commercial structures at the southwest corner of Ciolino Avenue and Monterey Road

EXECUTIVE SUMMARY:

In 2001, South County Housing (SCH) completed the award winning Via Ciolino apartments. The development eliminated 28 blighted units located on Ciolino Avenue behind the "Albertson's Center" and replaced it with 42 affordable family units. The Agency loaned SCH \$2.375 M to construct the project.

The final project consists of two parcels (see map, APN 767-09-029 & 028). The smaller parcel located at the southwest corner of Monterey Rd. and Ciolino Ave has a commercial designation. As a condition of approval for the project, the City required South County Housing to agree to demolish the existing two commercial buildings on the site within five years of completion of the housing project or upon vacancy of the commercial units, whichever occurred first.

Both commercial buildings are now vacant and South County is seeking a short-term loan of up to \$50,000 to demolish the structures and clear the site. Staff is recommending a loan in an amount not to exceed the requested \$50,000. The key loan terms are as follows:

- Fully deferred
- Accrues interest at a rate of 3% simple interest
- Principal and interest due in 12 months or upon sale of the property, whichever is sooner
- Secured by the property

SCH indicates this financing would help reduce their costs and enable them to demolish the buildings and clear the site sooner than required.

FISCAL IMPACT: Sufficient funds are available in the BAHS FY05-06 Economic Development (317) Budget.

**CITY OF MORGAN HILL
JOINT SPECIAL AND REGULAR CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – SEPTEMBER 7, 2005**

CALL TO ORDER

Mayor/Chairman Kennedy called the special meeting to order at 6:01 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency Members Carr, Grzan, and Mayor/Chairman Kennedy
Late: Council/Agency Members Sellers and Tate (both arrived at 6:04 p.m.)

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

Interim City Attorney Siegel announced the below listed Closed Session items:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 2

2.

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

Authority: Government Code Section 54956.9(a)
Case Name: Berkman v. City of Morgan Hill et al.
Case Number: Santa Clara County Superior Court, 1-04-CV-031021

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairman Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to Closed Session at 6:03 p.m.

RECONVENE

Mayor/Chairman Kennedy reconvened the meeting at 7:06 p.m.

CLOSED SESSION ANNOUNCEMENT

Interim City Attorney/Agency Counsel Siegel announced that no reportable action was taken in closed session.

SILENT INVOCATION

Mayor/Chairman Kennedy addressed the terrible tragedy that occurred in the Gulf Coast with Hurricane Katrina, the terrible aftermath, and the intense suffering/tragedies that occurred. He stated that there has been a tremendous outpouring of offers to help. He indicated that Police Lieutenant Joe Sampson is attending a meeting in San Jose, requested by Mayor Gonzales, to coordinate relief efforts throughout Santa Clara County. He indicated that there are agencies that individuals can contact to help: the American Red Cross, Salvation Army and the Santa Clara County Volunteer Center of Silicon Valley.

Mayor/Chairman Kennedy offered the City's condolences to families who have suffered devastating losses and thanked the first responders/disaster workers who have gone through extreme measures to help the victims.

PLEDGE OF ALLEGIANCE

At the invitation of Mayor/Chairman Kennedy, John Foggiano, President of the Morgan Hill Sister Cities Committee, led the Pledge of Allegiance.

PROCLAMATIONS

Mayor Kennedy proclaimed the month of October 2005 as *National Breast Cancer Awareness Month* and October 21, 2005 as *National Mammography Day*.

Mayor Kennedy proclaimed the month of September 2005 as *Prostate Cancer Awareness Month*.

RECOGNITIONS

Program Manager Eulo addressed the importance of receiving outstanding cooperation from local businesses with all environmental programs as well as going above and beyond the legal minimums. He indicated that two businesses will be recognized this evening that have done an outstanding job and have been declared Green Businesses by Santa Clara County.

Gretchen Hefner, Santa Clara County, addressed the Green Business Program. She stated that this program certifies businesses that go above and beyond compliance and take measures to reduce the amount of energy and water used; reducing the amount of waste sent to landfills and preventing pollution. She stated that the two businesses to be recognized these evening have taken these measures and are in compliance with regulations that apply to them, and that they have shown exemplary ability to

go above and beyond what they need to do to demonstrate their care for the community and the environment.

Council Member Grzan presented Certificates of Recognition to Jeanette Thatcher, St. Catherine's Church; and Kevin O'Day and Greg van Wassenhove, Agriculture and Resource Management, South County Office, for receiving the Green Business Recognition Awards for their excellent contribution to the Green operation of their businesses.

PRESENTATION

David Cohen, Leadership Morgan Hill, informed the City Council that he was in attendance on behalf of the 23 members of the Leadership Morgan Hill Class of 2005. He presented a power point presentation of the class project: refurbishment of downtown recycling containers.

CITY COUNCIL REPORT

Council Member Sellers stated that based on the continuing stories that are taking place in the south, it has given everyone thought to give consideration to our own situation and what might be the community's vulnerability. He said that several stories talked about the vulnerability of the region and the resources that were expended, particularly in New Orleans, in terms of levies, time, money and energy that went into the relief efforts. He noted that the City has a similar situation and is similarly vulnerable as we are located in earthquake country. He noted that 16 years ago, with the last major earthquake, the City experienced key building/property damage in the downtown. He indicated that the City has another natural risk as we reside in an area prone to flooding. He said that the City of Morgan Hill has been waiting for the Army Corp of Engineers and others to step up and help with the flooding problem. He indicated that the City has set aside money, over the years, as has the Santa Clara County Water District. He said that the City has been discouraged, the past few years, because the federal government has decided to expend funds elsewhere and take the funds that might have been otherwise spent to help Morgan Hill. He felt it important not to let this opportunity pass the City by and that the City makes the policy leaders at the federal level aware that Morgan Hill is concerned about its own vulnerabilities. He said that many of the City's poorest citizens are forced to pay hundreds of dollars in flood insurance and many others do without flood insurance, continuing to be vulnerable to hundred year floods and floods that might occur. He felt the community needs to be made aware that there are policy decisions that need to be made. He felt that this should be a higher priority than it has been given in recent years. The City needs to implore federal officials to step up and do their part, finding the resources to expedite flood improvements throughout the core of the downtown area so that the most vulnerable of our citizens are made less vulnerable.

CITY MANAGER REPORT

City Manager Tewes reported on how the City of Morgan Hill's family of employees has been impacted by the hurricane and what, as a group of employees; we will be doing to respond. He said that one of the City's valued employees, Frank Toledo, has immediate family located in the Mississippi Gulf coast area and have been displaced by the hurricane. He informed the Council that Mr. Toledo is in

Mississippi trying to assist his family. As employees, we are going to find ways to assist Mr. Toledo so that the time he is taking off comes from the City. He informed the Council that an all hands meeting of City employees was held this morning. It was agreed, by consensus, to try and aggregate all individual contributions to charities; contributing to the relief efforts on behalf of Morgan Hill City employees over the next week. It is his hope to report to the Council, on September 21, how much employees have raised for the relief efforts and to give recognition to City employees, as a group.

CITY ATTORNEY REPORT

Interim City Attorney Siegel stated that he did not have a report to present this evening.

OTHER REPORTS

Mayor Pro Tempore Tate said that a while ago, the Council appointed a committee to plan for a celebration of the City's 100 years of incorporation in 2006. He stated that this committee, in turn, appointed a subcommittee to work toward a gift that citizens can give back to the community in celebration of the City's centennial. He indicated that he and Roger Knopf have been involved in overseeing this subcommittee. He reported that the subcommittee has identified a project it would like to pursue. He said that the centerpiece of the project will be a history trail that will include stations where you stop and read inscriptions and/or see a picture or a bust of a famous figure from the City's past. He could not be specific on the content because the subcommittee would like the entire community to be involved in defining what will be incorporated in the history trail. He indicated that the subcommittee is soliciting community input in terms of what it feels to be an important historical event that needs to be captured, who is felt to be an important historical figure, and/or what type of agriculture recognition should be included (e.g., symbolism of orchards). He stated that the history trail will be central to several other elements of the project. However, it is felt that the other elements can be better defined when the content of the history trail is identified. He said that the history trail will be located at the Morgan Hill House located on Monterey Road, north of town. He requested more involvement from the community to help the subcommittee define the project. Individuals are requested to contact him with their suggestions.

Council Member Carr welcomed the high school seniors. He reminded the community to be careful in the morning and evening commute hours as traffic may be a little more congested. He recommended that individuals have a little more patience as everyone wants to make sure that the students are safe in the community.

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to public comments for items not appearing on this evening's agenda.

Mayor Kennedy gave recognition to Congressman Richard Pombo and Congresswoman Zoe Lofgren for their assistance in helping to restore some of the funds cut from the Corp of Engineer's budget in order

to keep the flood control project moving forward. He stated that it is a continuous struggle to keep these funds in the budget and to keep this project moving forward.

Robert Kushner stated that he has an office building in Morgan Hill and that it was his belief that he is the first to install solar panels on the building. However, he was charged over \$5,000 in permit fees to install the panels on the roof. He said that other cities charge less for a similar system, even if three times larger (e.g., \$180 to \$1,000). He did not believe that individuals should be penalized for helping the environment and the energy crises. He requested a refund of the permit fees.

Council Member Grzan requested that this matter be brought before the Council.

No further comments were offered.

City Council Action

CONSENT CALENDAR:

Mayor Pro Tempore Tate requested that item 1, Mayor Kennedy requested that item 2, and Council Member Carr requested that item 6 be pulled from the Consent Calendar.

Action: *On a motion by Council Member Carr and seconded by Mayor Pro Tempore Tate, the City Council unanimously (5-0) **Approved** Consent Calendar Items 3-5 and 7-15 as follows:*

3. **SECOND AMENDMENT TO AGREEMENT WITH THE LAW FIRM OF JORGENSON, SIEGEL, McCLURE & FLEGEL, LLP**

Action: ***Authorized** the City Manager to Execute a Second Amendment to Agreement with the Law Firm of Jorgenson, Siegel, McClure & Flegel, LLP.*

4. **SUPPORT OF AB 1421 REGARDING PROVISION OF REPLACEMENT WATER**

Action: ***Supported** Legislation.*

5. **FINAL MAP APPROVAL FOR ROYAL COURT (TRACT 9629)**

Action: *1) **Approved** the Final Map, Subdivision Agreement and Improvement Plans; 2) **Authorized** the City Manager to Sign the Subdivision Improvement Agreement on Behalf of the City, and 3) **Authorized** the Recordation of the Map and the Subdivision Improvement Agreement, Following the Recordation of the Development Improvement Agreement.*

7. **AWARD OF WATERWISE DEMONSTRATION GARDENS PROJECT**

Action: *1) **Appropriated** \$30,000 from the Current Year Un-Appropriated Water System Replacement Fund Balance (653) in the Project Account (#126005); 2) **Awarded** Contract to Suarez and Munoz Construction for the Construction of the Waterwise Demonstration Gardens Project in the Amount of \$137,234; and 3) **Authorized** Expenditure of Construction Contingency Funds not to exceed \$13,723.*

8. **APPROVE WATER METER SOLE SOURCE PURCHASE**

Action: 1) **Approved** Purchase of Water Meters, Meter Parts and MXUs (Radio Transmitters) From Invensys Metering Systems; and 2) **Approved** Purchase Order of \$299,300 to Invensys Metering Systems for the Annual Supply of Water Meters, Meter Parts and MXUs.

9. **VACATION OF A PORTION OF A PUBLIC SERVICE EASEMENT ON PARCEL A, PER MAP BOOK 771, PAGES 44-45 – Resolution No. 5942**

Action: 1) **Adopted** Resolution No. 5942, Declaring Summary Vacation of a Portion of a Public Service Easement on Parcel A, Per 771 M 44-45; and 2) **Directed** the City Clerk to File a Certified Copy of the Resolution in the Office of the Santa Clara County Recorder.

10. **AWARD PROFESSIONAL SERVICES CONTRACT TO PREPARE CONSTRUCTION DESIGN AND BIDDING DOCUMENTS FOR COMMUNITY PARK IMPROVEMENTS PHASE I**

Action: **Authorized** the City Manager to Execute a Consultant Agreement with Bellinger, Foster, Steinmetz Landscape Architecture in the Amount of \$114,600 for the Preparation of Construction Design and Bidding Documents for Phase I of the Community Park Improvements Project, Subject to Review and Approval of Interim City Attorney.

11. **APPROVAL OF PROGRAM SUPPLEMENT AGREEMENT NO. 006 FOR FEDERAL-AID PROJECT NO. 04-5152: DEPOT STREET RECONSTRUCTION PROJECT – Resolution No. 5943**

Action: 1) **Approved** the Program Supplemental Agreement with Caltrans for the Depot Street Reconstruction Project; and 2) **Adopted** Resolution No. 5943, Designating the City Manager as the City Official Authorized to Sign the Funding Agreement.

12. **REPORT ON DEPOT STREET RECONSTRUCTION NEIGHBORHOOD MEETING**

Action: **Information** Only.

13. **RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) 2005 QUATERLY REPORT #2**

Action: **Accepted** and **Filed** the RDCS Second Quarter Report for 2005.

14. **ADOPT ORDINANCE NO. 1735, NEW SERIES, AS AMENDED**

Action: **Waived** the Reading, and **Adopted** Ordinance No. 1735, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: ***AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING THE ZONING ON SEVEN PARCELS FROM CENTRAL COMMERCIAL RESIDENTIAL CC-R, TO PLANNED UNIT DEVELOPMENT PUD, BRINGING THE PARCELS INTO CONFORMANCE WITH THE DOWNTOWN PLAN AND THE GENERAL PLAN (APNs 726-13-032, 033, 034, 041, 042, 043, 044).***

15. ADOPT ORDINANCE NO. 1736, NEW SERIES

Action: Waived the Reading, and Adopted Ordinance No. 1736, New Series, and Declared That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by Title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL AMENDING SECTION 1.01.010 G OF CHAPTER 1.01 (CODE ADOPTION) OF TITLE 1 (GENERAL PROVISIONS), AMENDING SECTION 15.12.020 (ADOPTION OF THE CALIFORNIA ELECTRICAL CODE) AND ADDING SECTION 15.12.040 (ADDING CALIFORNIA ELECTRICAL CODE ARTICLE 334.12 REGARDING NON-METALLIC-SHEATHED CABLES) TO THE MORGAN HILL MUNICIPAL CODE TO INCLUDE THE CURRENT EDITION OF THE CALIFORNIA ELECTRICAL CODE.**

1. PROCLAMATION DECLARING SEPTEMBER 14, 2005 AS NATIONAL ANTHEM PROJECT DAY IN MORGAN HILL

Mayor Pro Tempore Tate stated that he could not support the recommended action. He indicated that he supports music in schools. However, he did not believe the Council should be taking a position that could be interpreted as the Council telling the School District what to do. He did not believe it would be appropriate to require the National Anthem be played at every City event.

Mayor Kennedy indicated that a national organization is advocating the National Anthem project that encourages learning and playing the National Anthem at public events. He said that the language in this particular action is not mandatory, but is more of a suggestion. He felt that this was a good action to take, and that if approved, the Council is merely encouraging that the National Anthem be played at public events, and encouraging members of the public to learn the National Anthem so that it can be sung and represented properly when played.

Action: Mayor Kennedy made a motion, seconded by Council Member Carr, to: 1) Approve Proclamation Endorsing the National Anthem Project; and 2) Authorized the Mayor to Forward the National Anthem Project All-Star City Application to the Public Safety and Community Services Subcommittee.

Council Member Carr said that in hearing Mayor Kennedy's comments that this is not a strict proclamation, and that the City would not be performing the exact letter of what this organization is requesting, he would support the motion. He felt that there may be occasional City events where the Council can promote singing the National Anthem. By adopting this action and emphasizing the importance the Council believes there is in the study of music and in music education, it is his hope that the Council is also willing to support these efforts in schools. He noted that the Council has been trying to find ways to become more involved in public schools and to do some things on behalf of the youth. He felt that this may be something the Council can do. Perhaps this may be a way of providing more support to schools.

Council Member Sellers said that as a former member of the Emerald Regime Band, he has always been a supporter of music in schools. Therefore, he was supportive of this portion of the recommendation. He

recommended that the second bullet contained in the staff report be modified to delete the word “all” from “... at all official functions.” He concurred that it would not be appropriate to sing the National Anthem at all municipal functions.

Mayor Kennedy stated that he would concur with Council Member Sellers’ recommended modification.

Vote: *On a motion by Mayor Kennedy and seconded by Council Member Carr, the City Council amended the motion to delete the word “all” from the second bullet of the staff report. The Motion carried 4-1 with Mayor Pro Tempore Tate voting no.*

**2. ESTABLISH SISTER CITY RELATIONSHIP WITH HEADFORD, IRELAND –
 *Resolution No. 5941***

Mayor Kennedy stated that in attendance this evening were John Foggiato, president of the Sister City Committee and Bernie Mulligan, chair of the Irish Sister City subcommittee, to address the request that the City becomes a Sister City with Headford, Ireland.

Mr. Foggiato indicated that he and Mr. Mulligan would be presenting an overview of where the City is in terms of the Sister City consideration with Headford, Ireland. A power point presentation was made, depicting the location of Headford, Ireland. He informed the Council that fishing and agriculture are the primary businesses in the area. High tech is coming into the area and that it is a popular angling center. The population in Headford, Ireland is approximately 2,500 individuals with another 2,500 individuals surrounding the City.

Mr. Mulligan indicated that he and Mayor Kennedy visited Headford, Ireland in April 2005 and that a meeting was held with Headford, Ireland Council members and the Twinning Committee. He stated that the area is growing rapidly as technology is being brought in. He felt the City could establish a relationship along these lines. He stated that Ireland is booming, the Euro dollar is doing well, and the economy in Headford is doing extremely well. He stated that Ireland has a 100% literacy rate. He indicated that the area is heavily inundated with agriculture and livestock. He informed the Council that Headford has unanimously approved Morgan Hill as their Sister City and requested that the Council accept Headford, Ireland as a Sister City.

Mayor Kennedy said that the Morgan Hill Sister City Committee has been working on a possible sister city with Japan. He said that the Committee had two cities in Japan that were being investigated. However, both cities dropped out due to a political situation. He indicated that the Committee will continue to keep a sister city relationship with a city in Japan open. He stated that the Committee tries to establish sister city relationships with cities who have common interests, roots and connections where there is a local support base in Morgan Hill that would keep relationships alive and nurtured. He noted that the City has sister city relationships with San Casiano, Italy and San Martin de Hidalgo, Mexico. He indicated that Mr. Fry is meeting with the former mayor of San Casiano and that the City’s sister city relationship has been helpful to Mr. Fry in a project that he is working on. He indicated that a Sister City delegation will be traveling to Puerto Vallarta to meet with San Martin de Hidalgo delegates. He felt that sister city relationships build bridges to communities across the world, and felt that this was another

welcomed addition to Morgan Hill's sister cities. He encouraged the Council to support the action.

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Grzan, the City Council unanimously (5-0) **Adopted** Resolution No. 5941, Establishing a Formal Sister City Relationship with the City of Headford, Ireland.*

**6. CITY POSITION ON PROPOSED VALLEY TRANSPORTATION AUTHORITY (VTA)
LONG TERM TRANSIT CAPITAL INVESTMENT PROGRAM AND POTENTIAL
QUARTER-CENT SALES TAX INCREASE**

Council Member Carr stated that he agreed, in general, with the position the City is taking. He referred to the first page, second paragraph, last line of the recommended letter that states "We support a Bart extension into San Jose." He inquired whether it was the intent to be specific in supporting Bart coming into San Jose, or was it the intent of the comment to state that the City supports the Bart project coming into Santa Clara County. He recommended that the sentence be amended to state "... into Santa Clara County."

Mayor Kennedy noted that the description of the project states that Bart will be going into San Jose and Santa Clara. He concurred that the sentence was somewhat restrictive. He supported Council Member Carr's recommended modification.

Mayor Pro Tempore Tate stated his support of leaving the sentence vague and would support stating that the City supports a Bart extension into Santa Clara County. This amendment would not sound as though the City is approving a specific proposal.

Council Member Carr noted that the same paragraph talks about Morgan Hill agreeing with Mayor Ron Gonzales' two goals of expanding bus, light rail, para transit, and the construction/operation of as many Measure A projects as possible. Another goal is that the City supports the Bart extension into Santa Clara County. He inquired whether the two goals were: 1) expanding existing serves, and 2) the Bart extension.

Mayor Kennedy clarified that the two goals were: 1) expanding current bus, light rail, and para transit services, and 2) the construction/operation of as many of the Measure A projects as possible.

Council Member Carr stated that this was not how he reads Mayor Gonzales' goals. He felt that Mayor Gonzales' goals were expanding current services and bringing Bart into San Jose. He recommended that the paragraph be amended to clarify the City's position.

Mayor Kennedy felt that it was the intent of the paragraph to capture the first two goals contained in Mayor Gonzales' letter.

Council Member Carr felt that Mayor Gonzales' projects include Bart in Santa Clara County. He recommended that this paragraph be restated as he was unclear as to what was meant by the two goals.

Mayor Pro Tempore Tate recommended that the word “two” be eliminated from the last sentence.

Council Member Carr supported Mayor Pro Tempore Tate’s recommendation to delete the word “two” from the last sentence. He recommended that the paragraph be amended to clarify that Mayor Gonzales’ goals of expansion by “...including support of the Bart extension in Santa Clara County.” He referred to page 54 of the agenda packet. He was curious about the comments relating to the airport people mover (recommendation 7). He understood how this recommendation would connect with Caltrain and that it might be important to Caltrain riders. He inquired why this recommendation became important to mention in the letter.

Mayor Kennedy said that in Mayor Gonzales’ letter, he recommends deferring construction of the airport people mover, making it a lower priority. He stated that the Policy Advisory Committee felt that cities benefiting from the Caltrain stations were counting on the people mover as a way of getting to the airport. It is being stated that cities along the Caltrain right of way want to keep the airport people mover in the mix and not have the project deferred. In order to make this possible, it has been suggested that instead of making it a fixed rail people mover, that a more cost effective approach be considered to reduce the cost (e.g., bus route or transit).

Council Member Carr stated that an airport people mover is not as high of priority to him as is the double tracking and the reverse commute; specific items to Caltrain. In reading the response letter, he felt that it is stating that the airport people mover is the most important issue to the City; perhaps ranked above other Caltrain services. He said that in reading Mr. Guardino’s memorandum, in the polling conducted by the Silicon Valley Leadership Group and the coalition of others, the airport people mover did not rank as high as the Caltrain items. He said that Morgan Hill’s assembly district and the assembly district to the south of Morgan Hill ranked Caltrain improvements equal to the Bart extension. He did not want to short change the Caltrain items in favor of the airport people mover and that he wants to make sure that the City’s priorities stay with the Caltrain improvements.

Mayor Kennedy recommended that emphases be placed on reverse commute; giving it the same emphases in the letter as the first two items.

Mayor Pro Tempore Tate recommended that discussion of the airport people mover be discussed later in the letter.

Council Member felt that reverse commute is important and would be growing in importance. He recommended that the need for double tracking be emphasized. He supported addressing the reverse commute, but did not believe it was the most important Caltrain improvement. He felt that improvements to existing services and expansion of existing services should be addressed before talking about reverse commute as these are of greater importance.

Mayor Kennedy indicated that the reason the reverse commute is being given a higher emphasis is because the Valley Transit Authority (VTA) received the approval to add additional north/south trains. He said that there is an agreement with Union Pacific to add a fifth train. He indicated that the problem is that the rider ship has not been there. It was his perspective that the reverse commute is a long term

goal. He said that additional trains are already included in the plan, but that the reverse commute is not clearly identified in the near term plan nor scheduled to take place until 2016. He said that it was his intent to try and place more emphasis in moving up reverse commute with the realization that the additional trains traveling north and south are already in place.

Council Member Carr recommended that the letter state the City's support of securing funding for these items. He said that there may be right of way agreements with Union Pacific. If the City is not being vocal in supporting funding to bring the trains on line, he did not believe that anyone else would. He said that funding for additional trains will help the residents of Morgan Hill; whereas, the reverse commute would be beneficial to the business parks and not as beneficial to the residents of Morgan Hill. He felt that these two items were of importance to get across in the letter. He recommended that emphasis be made to providing funding for expansion of existing services in the letter.

Mayor Kennedy supported adding emphasis to securing funding.

Mayor Pro Tempore Tate agreed with Council Member Carr's points and that the letter could be modified to incorporate his direction.

Council Member Carr stated that he would trust the Council subcommittee in the drafting of the letter. He requested that the points be clarified.

Council Member Sellers felt that Council Member Carr raised excellent points. Given that there are a wide range of items the Council would like to take place, he felt that there are 2-3 items that are of paramount in terms of importance. He recommended that these items be emphasized. He recommended that Mayor Kennedy modify the letter and that the Council subcommittee confirm the modifications when it meets on Friday.

Council Member Carr noted that the letter suggests copying Gilroy Mayor Al Pinheiro. He inquired how involved Gilroy has been in these discussions and whether they were in line with these priorities.

Mayor Kennedy noted that the Cities of Morgan Hill, Gilroy and Milpitas have a representative attending committee meetings. He indicated that Mayor Pinheiro has attended one of two meetings and a staff person from Board of Supervisor Don Gage's office has attended the meetings as well. He said that both have been supportive of Morgan Hill's lead position. He said that a point is made to invite Gilroy and Board of Supervisor Don Gage to all meetings and to ensure that all are together on these issues.

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Carr, the City Council unanimously (5-0) **Directed** The Regional Planning and Transportation Council Subcommittee to send a Letter to the VTA, Responding to Correspondence from San Jose Mayor Gonzales and the Silicon Valley Leadership Group and Clarifying the City's Position on the Long Term Transit Capital Plan and on the Quarter-Cent Sales Tax Proposal, incorporating and emphasizing the suggestion points into the letter by the Council subcommittee.*

City Council and Redevelopment Agency Action

CONSENT CALENDAR:

Action: *On a motion by Council/Agency Member Carr and seconded by Mayor Pro Tempore/Vice-chair Tate, the City Council/Agency Board unanimously (5-0) **Approved** Consent Calendar Item 16 as follows:*

16. JOINT REGULAR REDEVELOPMENT AGENCY AND SPECIAL CITY COUNCIL MEETING MINUTES OF AUGUST 24, 2005

Action: **Approved** the Minutes as written.

City Council Action (continued)

CONSENT CALENDAR:

Mayor Pro Tempore Tate and Council Member Sellers requested that item 17 be removed from the Consent Calendar.

17. AWARD CONTRACT FOR CONSTRUCTION OF PEDESTRIAN CROSSING IMPROVEMENTS AT MONTEREY ROAD AND CENTRAL AVENUE

Council Member Sellers announced that he has a conflict and would be recusing himself from this item. He excused himself from the Council Chambers.

Mayor Pro Tempore Tate stated that in reading the staff report, he understood that the City rebid this project and that companies are overbooked. Therefore, the City is forced into a position of having to pay additional monies to proceed with the project at this time. He inquired whether it would hurt to wait until construction companies are available in order to receive a more reasonable bid.

Director of Public Works Ashcraft informed the Council that the City's original engineer's estimate was at \$148,000. He said that in the best market of approximately four months ago, the City would have received a \$148,000 bid. He indicated that many of the companies who were busy with the original bid continue to be busy. He noted that this is specialty work with the City receiving two bids originally. The City now has one bid. He stated the low bidder reduced his price. He informed the Council that Granite Construction is a good construction firm. Based on a deadline for grant funding, staff recommends awarding the bid. He said the City could wait six months to see if lower bids come in. However, the City would be faced with losing the \$184,000 grant. He said that there is also a key safety improvement needed in front of a school and that staff would like to see this project completed as soon as possible.

Mayor Pro Tempore Tate noted that it would cost the City an additional \$23,000 than expected in terms of a matching grant.

Director of Public Works Ashcraft indicated that the City has applied for this grant five years in a row and that this is the first grant awarded to the City. He stated that this grant is very competitive in California, and that very few cities receive these grants. Even though it would cost the City more, staff recommends moving forward with the project.

Mayor Kennedy stated that he had a similar concern raised by Mayor Pro Tempore Tate. Although it is not the best deal, he felt the City needs to move forward with the project in order to take advantage of the grant; otherwise, the City would lose the grant.

Action: *On a motion by Council Member Carr and seconded by Council Member Grzan, the City Council, on a 4-0 vote with Council Member Sellers absent: 1) **Appropriated** \$70,000 from the Measure C Schools Pedestrian and Traffic Safety Fund into the Project Account Number 538005; 2) **Awarded** Contract to Granite Construction Company for the Construction of Pedestrian Crossing Improvements at Monterey Road and Central Avenue in the Amount of \$232,232; and 3) **Authorized** Expenditure of Construction Contingency Funds not to exceed \$23,223.*

Council Member Sellers resumed his seat on the Dais.

City Council Action

PUBLIC HEARINGS:

18. ZONING AMENDMENT, ZA-04-16/DEVELOPMENT AGREEMENT, DA-04-05: BARRETT-ODISHOO – Ordinance Nos. 1737 and 1738, New Series

Planning Manager Rowe presented the staff report on a request for approval of a precise development plan and development agreement for a 36-unit single family residential development located on the southerly side of Barrett Avenue and easterly of the Butterfield Boulevard alignment. He indicated that staff has provided the Council with a revised, corrected version of the development agreement ordinance that corrects two incorrect references to project file numbers.

Council Member Grzan recommended that the Council focus on what the developer has done with the project in terms of the adjoining Butterfield Boulevard in that an existing water feature incorporated recreational amenities. He noted that the project did not incorporate a sound wall. He stated that he likes the concept and the direction the project took and recommended that this project be used as a model as the City looks at other developments. He said that other projects along Butterfield Boulevard incorporated sound walls as opposed to this particular project that opens the area up. He recommended that the Council consider a policy that integrates natural features. Even though it is only a drainage ditch; it is a nice way of approaching development.

Mayor Kennedy opened the public hearing.

Robert Kushner indicated that his building is located next door to Napa Auto Parts. He said that as of January 1, 2005, his property was rezoned to retail. He noted that his business has been in Morgan Hill for almost 20 years. He purchased the building to relocate his company and that the building has existing businesses. The building includes a dentist and portrait studio; all office space uses. He would like to reduce the size of his office space and lease some of it to a beauty salon. He stated that this use is not allowed because the property has been rezoned to retail. He indicated that he has been told that he could apply for a variance and a temporary permit that would cost him over \$5,000 in application fees with no guarantee that he would be able to keep the tenant for more than a year. Therefore, the tenant will not move in and is looking to locate elsewhere. He informed the Council that the building was not designed for retail and that it was original built to be a hospital.

City Manager Tewes stated that he is aware of the situation and that that Mr. Kushner's request is not related to this particular agenda item. He recommended that the Council conclude the public hearing on this item and that it take Mr. Kushner's comments as additional public comments, not a part of the regular agenda. Further, that Planning Manager Rowe provides the Council with background information. He said that Mr. Kushner's comments relate to the consequences of extending the definition of downtown to the north of town and that Mr. Kushner's situation was impacted. He said that staff has some ideas on how to remedy the situation and that the Council may wish to agendize this discussion for a future meeting.

No further comments being offered, the public hearing was closed.

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Approved** the Mitigated Negative Declaration.*

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Grzan, the City Council unanimously (5-0) **Waived** the Reading in Full of the Ordinance No. 1737, New Series, the Zoning Amendment Ordinance.*

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council **Introduced** Ordinance No. 1737, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A ZONING AMENDMENT TO ESTABLISH AN R-2 3,500/RESIDENTIAL PLANNED DEVELOPMENT ON A 7.06 ACRE SITE LOCATED ON THE SOUTHWEST CORNER OF THE INTERSECTION OF BARRETT AVENUE AND SAN RAMON DRIVE (APN 817-33-003)**, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1738, New Series, the Development Agreement Ordinance.*

Action: *On a motion by Mayor Pro Tempore Tate and seconded by Council Member Sellers, the City Council **Introduced** Ordinance No. 1738, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT APPLICATION, DA-04-05 FOR APPLICATIONS MP-02-22 AND MC-04-13: BARRETT-ODISHOO (APN 817-33-003), per the revised ordinance, by the following roll call vote: AYES: Carr, Grzan, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.***

PUBLIC COMMENT - continued

City Manager Tewes recommended that the Council consider Mr. Kushner's issues and concerns. The Council could receive a brief staff report on how the City proposes to address these concerns, including the timeline to address these issues.

Mayor Kennedy reopened the floor to comments for items not appearing on this evening's agenda.

Mr. Kushner said that if he is only allowed to have retail in his building, he would not be able to have any tenants in the building. He stated that his building is located outside the area the Planning Commission is trying to develop for the purpose of rezoning. He indicated that his property is located across Britton Middle School.

Planning Manager Rowe informed the Council that in January 2005, the Council adopted a series of amendments to the downtown zoning in accordance with the Downtown Plan. One action extended the central commercial-residential district from Main Avenue north to Central Avenue. This amendment includes a limitation on ground floor office and retail uses such that any of these types of uses would require a conditional use permit. He clarified that Mr. Kushner addressed concerns of having to pay for a full use permit and a temporary use permit fee. He informed the Council that this matter was brought to the attention of the Planning Commission under public comment. The Planning Commission directed staff to look at a lower fee that would reflect the fact that there is an existing, improved facility and the fact that a lower level of analysis would be in order. Therefore, the cost associated with such a permit would be accordingly lower. He informed the Council that staff will be taking this matter back to the Planning Commission on September 27, 2005 and the matter would be scheduled for Council consideration shortly thereafter for an amended fee for a downtown permit program for office-retail uses.

Mayor Kennedy recommended that Mr. Kushner attend the Planning Commission and the subsequent Council meeting, if necessary.

No further comments were offered.

City Council Action

OTHER BUSINESS:

19. REQUEST BY SENIOR ADVISORY COMMITTEE

Mayor Pro Tempore Tate indicated that the Senior Advisory Committee (SAC) is not making a request. He clarified that the Public Safety and Community Services Committee (Committee) is making a recommendation. He said that the request stemmed from the Committee's review of the 2005 work plans. He said that during the interview with SAC, there was some sensitivity to the fact that they have not received attention from the Parks & Recreation Commission (PRC). He said that Bill Keig, chairman of SAC, addressed this concern with the Committee. A couple of days later, he learned that Mr. Keig left the Committee because he did not believe SAC to be affective and were not doing anything because they could not have their issues advanced through the PRC. In subsequent conversations, he learned that a couple of other members of the SAC also resigned. He felt that the Council was losing good individuals because they did not believe they were affective. He felt that the City needs the SAC's support and input. He stated that the Council has overloaded the PRC and that they are concentrating on the assignments given by the Council. He did not believe the PRC has the time to focus on SAC issues. He indicated that Council Member Carr and he met, as the Committee, and agreed to make the recommendation before the Council. He indicated that the Committee spoke with the chairmen of the PRC and SAC to discuss the fact that they were thinking of making the recommendation before the Council. He informed the Council that both the PRC and SAC approved heading in the direction of having the SAC report directly to the Council.

Council Member Carr indicated that he spoke with the chairman of the PRC, liaison to the SAC, who supports the Committee's recommendation. He said that it was realized by the Committee, after hearing from Mr. Keig and learning more about the issues, that the work plan that SAC is interested in is not a work plan that the PRC is working on. This could be attributed to the fact that the Council has asked the PRC to work on many items related to ongoing projects. He said that the Committee has spent time thinking about how SAC would work with the PRC on the integration of senior activities in the indoor recreation center (IRC). He noted that the PRC is working on the IRC as well as the outdoor sports complex. He felt that more thought needs to be given to this. He recommended that the Council ask the chairs of the SAC and PRC to work with the Council to make sure that senior activities are integrated. He said that it was clear that SAC feels there are items on the work plan that are important to them and that they were not at a place to get their issues addressed.

Council Member Sellers appreciated the fact that the Committee raised this issue, in particular with the timing of the IRC. He felt that SAC would be providing the Council with policy advice and advocacy. He said that Santa Clara County is talking about taking actions that would not be in the best interest of the City of Morgan Hill in terms of its senior population. He felt that it was important to have an organized group of individuals who can advocate on behalf of the City. He noted that the staff report indicates a desire for the Council to lessen the burden on staff for subcommittees and these committees. He stated that he supports the recommended change provided that it does not increase staff's workload. He said that upon further review of the staff report, he felt that it might actually reduce staff work load. He inquired whether the Committee took a look at what it might entail as far as staff work and requested confirmation that it will not increase staff's workload.

Mayor Pro Tempore Tate did not believe that the recommendation that SAC report directly to the Council would decrease or increase staff's workload (would remain static).

City Manager Tewes noted that the staff report includes a report he prepared earlier in the year that indicates that this committee and the other two advisory committees to the PRC sought a direct reporting relationship with the Council. He noted that his report did not recommend the direct reporting relationship. He said that to the extent the PRC is not integrating the needs of the various interests, it would be appropriate for the Council to direct the PRC to do so versus having the Council become the integrative function. He felt the Council is best served when the various interests of the community are represented by a body where they can be identified and compared; determining whether there are compromises. He stated that this was the basis for his recommendation. Regarding the issue of staffing, he said that it is his intuition that when a commission seeks a direct reporting relationship, it would require more Council and staff time. However, he could not quantify the time.

Mayor Kennedy opened the floor to public comment.

Susan Fent, co-chair of SAC, stated that it was her belief that there is a natural evolution taking place in SAC and in the City of Morgan Hill. She indicated that the population of seniors in the city is growing and that with this; the needs of the seniors are growing as well. She said that Morgan Hill is looking at a senior population of 60+ years; a diverse senior population that reaches a large span of issues and needs. She felt that originally, SAC was put into place to give support to the senior center and the activities taking place. The IRC came about and SAC was able to give some advice on planning areas. She said that SAC would like to see transportation, healthcare, mental health and other needs addressed. She felt that it would be inappropriate for SAC to go to the PRC as most of the issues were legislative in nature. She informed the Council that there were some very income supportive service issues that were affecting the seniors in the community at the State level. In order for SAC to take a stand and voice an opinion, they have to receive Council approval to do so. She did not believe that it was the place of the PRC to be able to do this for SAC. Also, some of their activities were stymied where there were some things that SAC wanted to work on quickly, but did not have the opportunity to do so as there were too many individuals they had to reach and loopholes they had to go through. She requested Council support of SAC directly reporting to it.

No further comments were offered.

Mayor Pro Tempore Tate agreed that it would take more time to have SAC report directly to the Council. He stated that he would be willing to be the SAC's liaison, if one is needed. He did not believe that it would take more staff time to have this direct reporting situation.

Council Member Grzan inquired whether there was something that can be done to make the PRC more responsive.

City Manager Tewes said that the PRC has a certain set of responsibilities per the Municipal Code. He stated that there are three advisory committees that have scopes of responsibilities established (e.g., Youth Advisory Committee, Senior Advisory Committee and Bicycle & Trails Committee). He said that

the members appointed by the Council to SAC want to break out of the box created. As important as bus transportation and in home support services are for seniors, it is not in the scope of responsibilities as now drawn. He did not believe that these two subjects lend themselves to being reviewed by the PRC. It was his belief that this is where the tension has risen. He felt that it was the lack of clarity and expectations of the Council committees that are being played out in this plea for direct reporting to the Council. He said that he did not pursue a complete reorganization of all of the Council's advisory roles in the report he prepared. He said that it is always the case when you appoint good citizens to committees; they want to find work to do and take on more responsibilities. Therefore, SAC has expanded their scope of work.

Council Member Grzan inquired how the direct reporting would affect the Council.

Council Member Carr noted that SAC has an existing work plan that the Council would expect they accomplish.

Mayor Kennedy noted that the City had a SAC reporting directly to the Council before the City had to make cut backs on its commissions and committees in the early 1990s.

Council Member Sellers felt that there were several reasons that it made sense to have direct reporting from SAC to the Council. He stated that he would not support having the direct reporting by the Bicycle & Trails Committee or the Youth Advisory Committee because he felt that these two committees are within the scope of the PRC and do not have timely issues. He noted that SAC have timely issues that do not fall within the scope of the PRC. He felt that it continues to be appropriate to have a PRC member who will focus on senior issues, particularly if they pertain to IRC issues so that they are kept informed as a Commission. He recommended that the Council look at defining what the relationship is between the Council and SAC so that there is clarity. The Council could forward items to SAC and that there may be items that can be placed on the consent calendar for Council consideration. There may be other items that may warrant additional scrutiny. He stated his support of the concept of having SAC report directly to the Council as the scope of work for them in the next few years will increase. He felt the Council could review the reporting issue at that time.

Mayor Kennedy agreed that the senior population and their needs are growing. He felt that it would be appropriate to have SAC report directly to the Council based on the report presented. He stated that he welcomes a more active SAC and that by making this relationship; it will continue to foster a more active SAC.

Action: *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Tate, the City Council unanimously (5-0) **Directed** staff to prepare changes to the Municipal Code, as appropriate.*

20. IMPROVING THE EFFECTIVENESS OF CITY COUNCIL MEETINGS

Mayor Kennedy indicated that he met with the Interim City Attorney prior to the Council meeting. He said that the Interim City Attorney expressed concerns about two aspects of what is being proposed. It

is not known whether the new City Attorney would feel that the Rosenberg's Rules of Order would make sense. He informed the Council that Interim City Attorney Siegel expressed concern that from time to time he needs to have communication with the City Manager and that the proposed seating arrangement could create a problem. He recommended that the Council discuss these two issues. He did not believe that there was an urgency to move forward with any or all of his recommended changes to improve the effectiveness of Council meetings. He suggested that the Council move forward with those items it agrees upon and bring back the items that there is not an agreement with at a later date.

Mayor Pro Tempore Tate referred to item 3; indicating that there is some confusion with subsection b that states that work study sessions will be determined by the mayor and city manager. Later, it is stated that council members or staff may identify a need for a work study session or work session. He recommended that this be clarified to state that the mayor, council members, city manager, and/or staff can suggest a work study session. He felt that these two statements appeared to be contradictory. He referred to item 7 and stated that he did not believe the Council should adopt having town hall meetings. It was his belief the Council would be willing to hold town hall meetings, but that it was not approving mandated town hall meetings be held. He referred to item 8b, noting that it is being recommended that the Council no longer ask recipients of proclamations or certificates to address the Council unless a specific presentation is deemed appropriate. He felt that the reward of receiving recognition is the ability to make a comment/statement.

Council Member Sellers felt there are times that recognitions take longer than they need to. He did not believe that some items warrant as much recognition as is being provided. He recommended that the Council be cognizant of this fact, but not eliminate recognitions.

Council Member Carr felt the Council should take a look at the items that are being recognized so that it does not reduce the significance of the recognition. He recommended that the items recognized from the podium and special presentations be of significance. If there are instances where no one will be in attendance to receive recognition, the item is to be placed on the consent calendar. He agreed that part of asking someone to attend a Council meeting and be recognized is an opportunity to meet the individuals and allow them to say a few words. He was not sure whether sharing of ceremonial duties would aid efficiency. He felt that there were a few items that are granted to a directly elected Mayor and that he does not have a problem having the presentation of proclamations and/or certificates being the official duties of the mayor and in his/her absence, the mayor pro tempore or other council members, when necessary. Therefore, he was not sure whether any of the items listed under section 8 are of great importance.

Mayor Kennedy suggested that the language be modified as follows: "Ceremonies may be shared by the mayor" leaving this up to the mayor's discretion.

Council Member Sellers recommended that proclamations be considered as part of the consent calendar unless a specific presentation is requested or someone is in attendance to receive the proclamation or certificate of recognition. He indicated that he likes the current seating arrangement. He felt that as laid out, it is easy to see each other. He felt that it would be better to have the city manager and the city

attorney seated adjacent to each other. However, if and when the City gets a new city attorney, it would be appropriate to ask the city attorney his/her thoughts on this matter and consider them at that time.

Mayor Kennedy indicated that three council members receive his attention and that Council Member Carr gets his attention by pushing the speaker button.

Council Member Grzan said that consideration could be given to having the city attorney and city manager sit at the table in front of the Dais as an option.

Mayor Kennedy concurred with deferring taking action on item 2, seating arrangements.

Mayor Pro Tempore Tate felt that Mayor Kennedy brought the recommended changes because of his comfort in running meetings with these rules. He stated his support of Mayor Kennedy's recommendation to adopt Rosenberg's Rules of Order.

Mayor Kennedy said that the Council could adopt Rosenberg's Rules of Order and that should problems arise, the Council could change its rules. He felt that the Rosenberg's Rules of Order are more streamlined and efficient.

Council Member Sellers noted that the only substantive change in Rosenberg's Rules of Order is that a motion is to be made prior to discussion as opposed to having the discussion followed by a motion. As long as the Council is cognizant of this fact, he felt that the Rules made sense.

Council Member Grzan recommended that the Council give further consideration to the recommended changes; bringing this item back at the upcoming Council's half day retreat.

Mayor Kennedy noted that there were not many issues before the Council and expressed concern that bringing this item back at the Council retreat might divert the Council's attention from other matters scheduled for the retreat. However, he felt that Council discussion could proceed rather quickly.

Council Member Carr said that a couple of areas are more important as far as efficiencies are concerned. He referred to items 6 and 9. He noted that the Council does not always ask the applicant to address the Council first. He recommended that the Council be formalized in how it conducts the public presentations and give thought to the idea that the applicant is given extra time to address their project. He recommended that the Council spend more time discussing items 6 and 9 at the Council retreat as it was his belief that there were some efficiencies in these areas that can be made.

Interim City Attorney Siegel referred to page 231 of the report, the memo written most recently in October 2002. He noted that under section 7.2, Rules of Order, it is stated that Sturgis Rules of Order are to be used. He indicated that the Sturgis Rules of Order do not require seconds to motions. However, the Council requires seconds to motions at this time. He said that the Rosenberg Rules of Order do not require seconds to motions. He stated that the Council may or may not want to keep its policy consistent. Should the Council wish to adopt the Rosenberg's Rules of Order, as attached to the agenda packet, it

may want to adopt seconds to motions. The Council could decide to make a motion without a second and move forward with the motion.

Mayor Pro Tempore Tate recommended that seconds be required to motions.

Mayor Kennedy supported the requirement of seconds to motions as it is the Council's practice to do so. Therefore, it would be an amendment to the Rosenberg's Rules of Order.

Mayor Kennedy opened the floor public comment. No comments were offered.

Action: *It was the consensus of the City Council to further discuss this item at the Council's September 30, 2005 workshop.*

21. BOARD, COMMISSION, AND COMMITTEE MEMBERS' COMMENTS ON THE CITY COUNCIL ETHICS POLICY

Council Services and Records Manager Torrez presented the staff report, informing the City Council that on April 20, 2005, it adopted a value-based approach Ethics Policy. Staff was directed to forward the Ethics Policy to board, committee and commission members for their review and comments. She informed the Council that the board, committee and commission members were in support of the Ethics Policy with the Planning Commission and Library Commission each offering a modification to the Ethics Policy: ***Public Officials to encourage a diversity of opinions to be expressed during public debate and discussion (Planning Commission)***; and a recommendation that ***violations of the Ethics Policy warrant removal from office (Library Commission)***. Should the Council concur with the recommended additions, she recommended that the Council amend the Ethics Policy to incorporate these two items. She informed the Council that the next step in the process is to have staff schedule a training session on the Ethics Policy with board, commission and committee members and that staff would work on coordinating the training session. She inquired whether it would be the City Attorney's office or the Council's Ethics Subcommittee who would be conducting the ethics training session.

Council Member Carr inquired whether the Library Commission's recommendation was for elected officials and questioned whether there was legal authority to remove an elected official from office.

City Manager Tewes felt that the Library Commission was referring to the Council's role in its appointment and removal of commissioners. He noted that only the voters can remove elected officials from office.

Mayor Pro Tempore Tate said that the Ethics Committee established a core value of respect and that under respect, there was an expression of the value that states "that I work to gain value from diverse opinions and build consensus." He stated that the Ethics Committee used a positive behavior to illustrate this. It is further stated that it is "Actively seeking out different view points and common threads." He did not understand why the Planning Commission was recommending the inclusion of a statement that states the same thing. He did not know if all commissioners received the matrix that identified the core values. He felt the Ethics Committee did an adequate job addressing this issue.

Council Member Sellers noted that core values are identified in section 3b and addresses diversity. Regarding the Library Commission's recommendation, he felt this issue is already addressed as it is a legal issue and is included in the ethics policy.

Mayor Kennedy recommended that when the meeting with commissioners is scheduled, that it be pointed out that the Council already addressed the diversity issue.

Action: *Council Member Sellers made a motion to stipulate that the comments have been incorporated and direct staff to schedule an ethics policy workshop.*

City Manager Tewes said that the City's municipal code states that "members shall be appointed by a majority of the city council and may be removed without cause by a vote of any three members of the city council." He said that the suggestion by the Library Commission is that the Council identifies, in the ethics policy, a statement that violations of the ethics policy may lead to removal from the appointed position. He clarified that the Council already has the authority to remove individuals from boards and commission.

Council Member Sellers recommended that the wording be modified to word it more closely to the City Manager's suggestion so that it is made clear.

Mayor Kennedy felt that the Library Commission's recommendation of removal from office and referral of the matter to the district attorney is ambiguous and assumes that both actions are to be taken.

Council Member Sellers recommended that the statement be modified to state that "If there are violations warranting criminal charges, the Council may proceed with removal from office and may refer the matters to the City Attorney's office."

Council Member Grzan inquired whether this section applies to any citizen appointed by the Council to a committee or commission and not appointed to office (e.g., general plan committee, urban limit line, etc.).

Mayor Kennedy concurred that this section needs to be clarified.

Council Members Carr and Sellers felt this section applies to any Council appointments and removal from their position, not office.

Council Member Grzan recommended Council members conduct the training session as it is a method for the Council to reinforce ethical policies if it goes out and teaches it.

Mayor Kennedy opened the floor to public comment. No comments were offered.

Action: *On a motion by Council Member Sellers and seconded by Mayor Pro Tempore Tate, the City Council unanimously (5-0): 1) **Discussed** the List of Comments Received from*

*Commission, Committee and Board Members Regarding the Council's Ethics Policy; 2) **Agreed** to incorporate comments into the Ethics Policy, as amended; 3) **Directed** Staff to Schedule a Board, Commission, and Committee Ethics Policy Workshop; and Council **to Conduct** the ethics policy training session.*

City Council and Redevelopment Agency Action

OTHER BUSINESS:

22. REVIEW CITY COUNCIL AND REDEVELOPMENT AGENCY'S SEPTEMBER, NOVEMBER, DECEMBER AND JANUARY MEETING SCHEDULE

Council Services & Records Manager Torrez presented the staff report, requesting that the Council/Agency Board review the upcoming meeting schedule. She informed the Council that there are two items scheduled for the Council/RDA meeting of September 28 and inquired whether the Council would like to hold this meeting or cancel the meeting. She said that should the Council decide to cancel the September 28 meeting, the Council subcommittees could use this time to meet. She noted that the Council is also scheduled to meet on Friday, September 30 in a half day workshop. She informed the Council that typically, the Council cancels the Wednesday meeting prior to the Thanksgiving Day holiday. The City will be furloughing non-emergency staff personnel December 27 through December 30, 2005. The City will be observing Monday, January 2 as a holiday. City Hall offices will reopen for business on Tuesday, January 3, 2006. She requested Council direction regarding its September, November, December and January meeting schedule.

Action: *By consensus, the City Council/Redevelopment Agency Board **agreed** to the following meeting schedule for the months of September, November and December 2005 and January 2006 as follows: September 21 - regular meeting, September 28 - meeting canceled, September 30 - Special Meeting (workshop 2-6 p.m.); November 2 - regular meeting, November 16 - regular meeting, November 23 - meeting canceled, November 30 - special meeting, if needed; December 7 - regular meeting, December 14 - Special meeting, December 21 - meeting canceled, unless needed, December 28 - meeting canceled; January 4 - meeting canceled, January 11 - Special meeting, January 18 - regular meeting, and January 25 - regular meeting.*

Council Member Sellers noted that December 8, 2005 is the Cities Association holiday party and that the party will be held at San Jose City Hall, Rotunda. He felt that this would be a great opportunity to meet Council colleagues from other cities and encouraged all Council members to attend this event.

FUTURE COUNCIL-INITIATED AGENDA ITEMS

No items were identified.

ADJOURNMENT

There being no further business, Mayor/Chairman Kennedy adjourned the meeting at 9:27 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK/AGENCY SECRETARY



CITY COUNCIL STAFF REPORT

MEETING DATE: *September 21, 2005*

APPROVAL OF PROGRAM SUPPLEMENT AGREEMENT NO. M007 FOR FEDERAL-AID PROJECT NO. 04-5152 – PEDESTRIAN CROSSING IMPROVEMENT PROJECT

RECOMMENDED ACTION(S):

1. Approve the attached program supplemental agreement with Caltrans for the Pedestrian Crossing Improvement Project.
2. Adopt the attached resolution designating the City Manager as the City official authorized to sign the funding agreement.

EXECUTIVE SUMMARY: Staff received a request from Caltrans to approve the attached Program Supplemental Agreement for the Pedestrian Crossing Improvement Project (See Exhibit A). The approval of this agreement will allow the City of Morgan Hill to be reimbursed for the construction portion of work.

The City received a Safe Routes to School grant to construct pedestrian improvements at the intersection of Monterey Road and Central Avenue. The scope of work includes: constructing sidewalk bulb-outs and installing a median on Monterey Road south of Central Avenue, and re-striping existing crosswalks, including additional traffic warning signs, installing handicap ramps, and installing two radar speed displays. The maximum reimbursement amount is \$184,000.

Furthermore, the attached resolution will designate the City Manager as the City official authorized to sign for this program supplemental agreement.

FISCAL/RESOURCES IMPACT: There is no fiscal impact.

Agenda Item # 19

Prepared By:

Associate Engineer

Approved By:

Public Works Director

Submitted By:

City Manager

PROGRAM SUPPLEMENT NO. M007
to
ADMINISTERING AGENCY-STATE AGREEMENT
FOR FEDERAL-AID PROJECTS NO. 04-5152

Date: August 11, 2005
Location: 04-SCL-0-MGH
Project Number: STPLHSR-5152(014)
E.A. Number: 04-924341

This Program Supplement hereby incorporates the Administering Agency-State Agreement for Federal Aid which was entered into between the Administering Agency and the State on 12/03/97 and is subject to all the terms and conditions thereof. This Program Supplement is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. _____, approved by the Administering Agency on _____ (See copy attached).

The Administering Agency further stipulates that as a condition to the payment by State of any funds derived from sources noted below obligated to this project, the Administering Agency accepts and will comply with the Special covenants or Remarks set forth on the following pages.

PROJECT LOCATION:

Monterey Rd & Central Ave intersection

TYPE OF WORK: Construct bulb-cuts, radar speed signs and curb ramps

LENGTH: 0 (MILES)

Estimated Cost	Federal Funds		Matching Funds		
	SRA0		LOCAL		OTHER
\$188,100.00		\$169,290.00	\$18,810.00	\$0.00	\$0.00

CITY OF MORGAN HILL

STATE OF CALIFORNIA
Department of Transportation

By _____

J. Edward Tewes / City Manager

Date _____

8/30/05

By _____

Chief, Office of Project Implementation

Date _____

Attest _____

Title _____

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer _____

Date _____

\$169,290.00

Chapter	Statutes	Item	Year	Program	BC	Category	Fund Source	AMOUNT
208	2004	2660-102-890	2004-2005	20.30.010.535	C	262040	892-F	169,290.00

SPECIAL COVENANTS OR REMARKS

1. The PROJECT will be administered in accordance with the SR2S Program Guidelines effective at the time of Program Supplemental Agreement execution.

The ADMINISTERING AGENCY agrees to encumber the funds under agreement and award the construction contract by September 30th of the fiscal year in which funds are programmed. For projects unable to meet this deadline, the ADMINISTERING AGENCY may request in writing, a time extension from the District Local Assistance Engineer (DLAE). One time extension, for a maximum period of one year, may be granted by the DLAE. Projects unable to meet the new deadline may be dropped from the program.

2. All project repair, replacement and maintenance involving the physical condition and the operation of project improvements referred to in Article III MAINTENANCE, of the aforementioned Master Agreement will be the responsibility of the ADMINISTERING AGENCY and shall be performed at regular intervals and as required for efficient operation of the completed project improvements.
3. The ADMINISTERING AGENCY will reimburse the STATE for the ADMINISTERING AGENCY share of costs for work requested to be performed by the STATE.
4. The ADMINISTERING AGENCY agrees that payment of Federal funds will be limited to the amounts approved by the Federal Highway Administration (FHWA) in the Federal-Aid Project Authorization/Agreement or Amendment/Modification (E-76) and accepts any resultant increases in ADMINISTERING AGENCY funds as shown on the Finance Letter, any modification thereof as approved by the Division of Local Assistance, Office of Project Implementation.
5. STATE and ADMINISTERING AGENCY agree that any additional funds which might be made available for new phase(s) of work by future Federal obligations will be encumbered on this PROJECT by use of a STATE approved "Authorization to Proceed" and Finance Letter. ADMINISTERING AGENCY agrees that Federal funds available for reimbursement will be limited to the amounts obligated by the Federal Highway Administration.
6. ADMINISTERING AGENCY agrees that it will only proceed with work

STPLHSR-5152(014)

SPECIAL COVENANTS OR REMARKS

authorized for specific phase(s) with an "Authorization to Proceed" and will not proceed with future phase(s) of this project prior to receiving an "Authorization to Proceed" from the STATE for that phase(s) unless no further State or Federal funds are needed for those future phase(s).

7. Any State and Federal funds that may have been encumbered for this project are only available for disbursement for a period of five (5) years and seven (7) years, respectively, from the start of the fiscal year(s) that those funds were appropriated within the State Budget Act. All project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested and is approved by the California Department of Finance per Government Code Section 16304. The exact date of each fund reversion will be reflected in the approved finance letter(s) issued for this project.

Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement that is not submitted to the Department on or before 60 days after that applicable fixed fund reversion date will not be paid from that fiscal year's encumbered funds because all of these unexpended funds will be irrevocably reverted by the Department's Division of Accounting on that date.

Pursuant to a directive from the State Controller's Office and the Department of Finance, the last date to submit invoices for reimbursed work in each fiscal year is May 15th in order for payment to be made out of those then current appropriations. Project work performed and invoiced after May 15th will be reimbursed only out of available funding that might be encumbered in the subsequent fiscal year, and then only when those funds are actually allocated and encumbered as authorized by the California Transportation Commission and the Department's Accounting Office.

8. The ADMINISTERING AGENCY will advertise, award and administer this project in accordance with the most current published Local Assistance Procedures Manual.
9. Award information shall be submitted by the ADMINISTERING AGENCY to the District Local Assistance Engineer immediately after the

STPLHSR-5152(014)

SPECIAL COVENANTS OR REMARKS

project contract award. A copy of the award package shall also be included with the submittal of the ADMINISTERING AGENCY's first invoice for the construction contract to:

Department of Transportation
Division of Accounting
Local Programs Accounting Branch, MS#33
P. O. Box 942874
Sacramento, CA 94274-0001

Failure to do so will cause a delay in the State processing invoices for the construction phase. Please refer to Section 15.7 "Award Package" of the Local Assistance Procedures Manual and LPP 01-06.

10. The ADMINISTERING AGENCY is required to have an audit in accordance with the Single Audit Act and OMB A-133 if it receives a total of \$500,000 or more in federal funds in a single fiscal year. The federal funds received under this project are a part of the Catalogue of Federal Domestic Assistance (CFDA) 20.205, Highway Planning & Research. OMB A-133 superceded OMB A-128 in 1996. A reference to OMB A-128 in a Master Agreement (if any) is superceded by this covenant to conform to OMB A-133.
11. "ADMINISTERING AGENCY certifies that neither the ADMINISTERING AGENCY nor its principals are suspended or debarred at the time of the execution of this agreement. ADMINISTERING AGENCY agrees that it will notify the STATE immediately, in the event a suspension or a debarment happened after the execution of this agreement."

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL DESIGNATING A CITY OFFICIAL TO EXECUTE PROGRAM SUPPLEMENT AGREEMENT NO. M007 TO ADMINISTER AGENCY-STATE AGREEMENT NO. 04-5152 FOR THE PEDESTRIAN CROSSING IMPROVEMENT PROJECT

WHEREAS, the City of Morgan Hill is eligible to receive Federal funding for the Pedestrian Crossing Improvement Project, through the California Department of Transportation; and

WHEREAS, Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements and/or Fund Transfer Agreements need to be executed with the California Department of Transportation before such funds could be claimed; and

WHEREAS, the City wishes to delegate authorization to execute these agreements and any amendments thereto to the City Manager to execute all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements and any amendments thereto with the California Department of Transportation; now

THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill that J. Edward Tewes, City Manager, is hereby designated as the City official authorized to execute on behalf of the City of Morgan Hill, a public entity established under the laws of the State of California, Program Supplement Agreement No. M007 to administer Agency-State Agreement No. 04-5152 for the Pedestrian Crossing Improvement Project.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Regular Meeting held on the 21st day of September, 2005 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

CERTIFICATION

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. adopted by the City Council at the Regular City Council Meeting of September 21, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk